دار الشروق

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT
No. 28,369
Wednesday January 14 1981
25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 75; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 30p; MALTA 25c

NEWS SUMMARY

GENERAL

Prison officers suspend dispute

Industrial action by prison officers, which has kept more than 4,500 new prisoners out of jail, will be suspended on Saturday.

The Prison Officers Association will ask its 20,000 members to consider a deal offered by Home Secretary William Whitelaw, who has dropped his insistence on immediate acceptance.

Prisoners held in police cells or guarded by troops will begin to be moved at once. Back Page

Siege trial opens

Iranian Fowzi Nejad, 23, pleaded not guilty at the Old Bailey to murdering two people during last year's "siege" of Iran's London embassy. He admitted conspiring with others to commit murder; falsely imprisoning a policeman; and possessing firearms and ammunition with intent to endanger life.

Sea-pay hope

Seamen's leader Jim Slater said the employers' 12 per cent pay offer might be acceptable combined with a guarantee that increased earnings would not be lost through reduced overtime. Back Page

Namibia deadlock

United Nations conference on Namibia broke down without agreement on progress towards internationally recognised independence. Earlier story, Page 3

Privilege vote

MPs will decide today what to do about allegations that British Steel chairman Ian MacGregor threatened to end investment at a plant because of attacks on the Corporation in the Commons. Back Page

Israeli arrests

Israeli police detained several Bedouin Arabs in connection with the murder of Abu Rabiya, who represented the Bedouin of the Negev in the Knesset (Parliament).

Menten ruling

Holland's Supreme Court rejected an appeal by millionaire Pieter Menten, 81, against a 10-year prison sentence for war crimes committed in Poland.

Fire deaths soar

Fire deaths reached a record 1,096 in 1979, up 16 per cent on 1978, the Home Office said.

Governor named

Turkish Government appointed Osman Siklar, governor of the central bank, succeeding dismissed Ismail Hakki Aydinoglu. Page 2

Frogman held

Police hunting extortionists who bombed three Australian chain store branches arrested a frogman as he tried to collect a A$1m (£492,000) ransom in a cricket bag suspended from a Sydney harbour ferry wharf.

Heathrow strike

British Airways maintenance engineers and ground staff will stage a 24-hour strike over pay at Heathrow on January 23. Back Page

Star search

Soviet astronomers plan to beam radio messages to 15 stars near Earth in search for unknown civilisations.

Briefly...

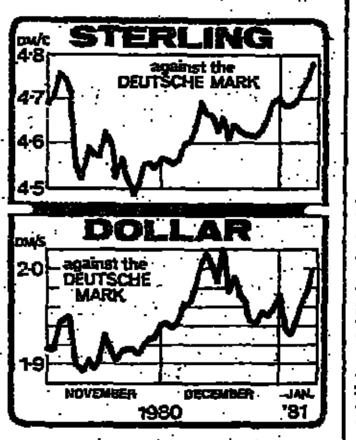
London cabbies cannot charge a booking fee for taxis ordered by telephone, the High Court ruled.

International Press Institute backed criticism of the Government's contempt of court Bill.

BUSINESS

Six-year high for £ against F franc

● STERLING eased a cent to $2.3885, but it was sharply firmer against European currencies, closing at FFr 11.0550 (FFr 10.9950), its highest level since September 1974. Its trade-weighted index was unchanged at 79.3. Page 21



● DOLLAR improved to DM 2.0000 (DM 1.9845) and SwFr1.8110 (SwFr1.8000). It eased to Y203.10 (Y204). Its trade-weighted index rose to 87.0 (86.2). Page 21

● EQUITIES continued to slip. The FT 30-share index finished at its lowest for seven months, dropping 7.7 to 447.4. Page 26

● GILTS were resilient. The Government Securities index gained 0.08 to 68.39. Page 26

● GOLD finished $2 up at $564.5. Page 21

● WALL STREET was down 3.5 to 965.27 near the close. Page 24

● MASSEY-FERGUSON rescue plan failure would mean potential losses of over £70m for five British clearing bank groups. Back Page; Massey's Australian subsidiary reprieved, Page 22

● UK LIFE ASSURANCE industry had a quiet 1980 after two years of steady growth. Page 6

● BP added about 200m barrels to the estimated recoverable reserves of the Forties Field in the North Sea. Page 6

● PORT OF LONDON Authority may receive further financial help from the Government after losing £15m last year. Page 6

● SCHREIBER, the UK's biggest furniture manufacturer, is to close a Manchester factory at the end of March with the loss of about 400 jobs, nearly 15 per cent of the company's furniture workforce. Page 6

● JAPANESE CAR IMPORTS into the UK rose sharply in the first ten days of January. Page 8

● IRISH JOBLESS total has risen sharply with 122,000 registered for December, at least 10.5 per cent of the workforce. Page 2

● COMMERZBANK, the third largest West German bank, plans a second year without asset growth, and intends to resume dividends in 1981. Page 23

● SGB, scaffolding and plant hire group, reported pre-tax profits of £16.28m (£14.51m) for the year to end September. Turnover rose from £119.34m to £139.55m. Page 18; Lex, Back Page

● REO STAKIS Organisation, the Glasgow-based hotelier, restaurant and gaming proprietor, reported pre-tax profits of £3.94m (£3.56m) for the year to end September. Page 19

● JONES, STROUD (Holdings), manufacturer of fabrics, materials and accessories for the textile and electrical industries, reported pre-tax profits down from £1.06m to £685,000 in the half-year to end September. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 10pc 1992	£82¼	+ ¼
Avenue Close	80	+ 19
Bardsey	24	+ 3
Boustead	114	+ 6
Braid Group	19	+ 3
Brixton Estates	129	+ 4
Crowther (J.)	31	+ 5
Goldman (H.)	45	+ 3
Mercantile House	575	+ 15
SGB	138	+ 8
Somportex	555	+ 55
Sumrie	27	+ 5
Beradin Rubber	45	+ 5
Malayan Tin	103	+ 15
Venterspost	566	+ 25
FALLS		
Treas. 11½pc 1989 A (£30 pd.)	£25¼	− ¼
Dowty	197	− 5
Fisons	138	− 17
Glasgow Pavilion	53	− 5
Glaxo	242	− 10
GRE	290	− 8
GKN	137	− 12
Hogg Robinson	103	− 7
Horizon	126	− 8
ICI	298	− 6
Metal Box	164	− 8
Pilkington	252	− 10
Royal Ins. New	10pm	− 7
Saatchi and Saatchi	257	− 10
Trusthouse Forte	179	− 4
Tube Invs.	166	− 16
Vickers	129	− 7
Gt. Eastern Mines	20	− 5
Metals Energy Mns.	22	− 5
RTZ	405	− 7

Hopes for U.S. hostages rise despite hitch in Tehran Parliament

A SETTLEMENT of the 14-month hostage crisis between the U.S. and Iran appeared imminent yesterday in spite of a procedural hitch in the Iranian Parliament. Terry Povey writes from Iran.

The 52 Americans could be released within 48 hours of two Bills passing through Parliament: one to nationalise the wealth of the late Shah and the other to empower the Government to go to some form of arbitration today over financial claims against the U.S.

The absence of a religious judge held up debate yesterday. Parliament was to discuss the two bills after a 15-minute mid-morning break. When the break ran on to 45 minutes it was clear that something was wrong.

Only eight of the 12 religious judges who comprise the Council of Guardians were there and Iran's constitution prohibits passing urgent bills without at least nine present.

Mr. Warren Christopher, the U.S. Deputy Secretary of State was reported to be staying on in Algiers, where he has been holding talks with Algerian intermediaries in the dispute over the hostages.

The Iranian news agency, quoting a Western news agency report, said the U.S. had proposed an immediate cash payment to Iran of $10bn (£4.2bn) for freeing the Americans.

Before Christmas, Iran demanded a cash payment of $14bn to cover its assets frozen by the U.S. and $10bn in the form of a guarantee against the return of the Shah's estate.

In Iran, the moves to speed legislation to allow the release of the hostages appeared to have been delayed by at least a day. Three of the judges on the Council are out of Tehran, so there will be a rush to get at least one of them to the capital for today's session. Barring further mishaps, the two bills should then be passed and approved officials say.

Any significant delay in the negotiations would almost certainly mean Iran would have to deal with the incoming administration of Mr. Ronald Reagan, to be sworn in next Tuesday, whose negotiating stance on the detained diplomats seems likely to be much tougher.

Late yesterday the state radio broadcast a statement from Mr. Ahmad Azizi, one of Iran's negotiators, which was seen by observers as an attempt to dampen the expectations of the imminent release of the Americans. The Tehran Government wishes to keep optimism as low-key as possible so that it has a freer hand in the last-minute talks now believed to be taking place, they say.

Mr. Azizi said: "Rumours that an exact date for the release of the hostages has been fixed are not true. Negotiations continue within a positive framework."

In another move that is clearly part of the plan for the release of the hostages, the Prime Minister's office yesterday requested all "ministries [and] Iranian companies 'whether Government or private'" with claims against U.S. concerns to present them along with the relevant documents to the office in the next 30 days.

It also disclosed that a special "claims committee" has been set up under the auspices of Mr. Behzad Nabavi, the Executive Affairs Minister.

UK bid for Norway gas supply rejected

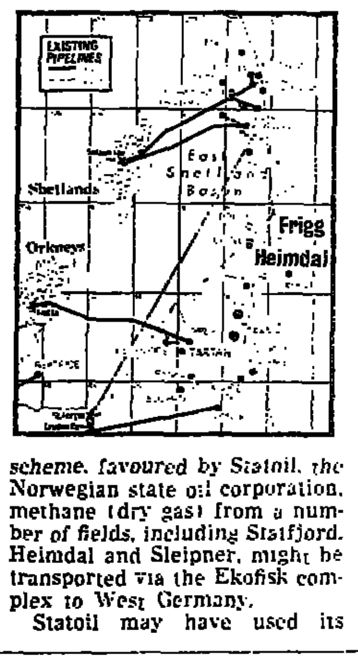
BY RAY DAFTER IN LONDON AND FAY GJESTER IN OSLO

BRITISH GAS has failed in its record bid for gas supplies from the Heimdal Field in the Norwegian sector of the North Sea. As a result, the prospects for a joint UK-Norwegian gas pipeline network look more remote.

Partners in the Heimdal project are expected to tell the Norwegian Government today that they prefer to land their gas via a proposed £1bn Norwegian pipeline system.

The decision was taken yesterday after the British Gas Corporation had offered its highest-ever price for North Sea supplies. The corporation and the UK Energy Department had hoped Heimdal gas would be fed into the British distribution system through the existing Frigg Field pipeline or the proposed £2bn UK gas-gathering network.

Such a move would have spoiled the Norwegian plan for a gas pipeline. Under this



scheme, favoured by Statoil, the Norwegian state oil corporation, methane (dry gas) from a number of fields, including Statfjord, Heimdal and Sleipner, might be transported via the Ekofisk complex to West Germany.

Statoil may have used its influence in the consortium to sway its partners in favour of the Norwegian system but they will have wanted assurances that the Continental deal is more lucrative than a sale to British Gas.

Much could have hinged on escalation clauses. It is known that oil companies in the Norwegian Statfjord Group recently rejected a British Gas bid largely because its escalation clauses were not as generous as those offered by Continental buyers. The Statfjord deal has still to be ratified by the Norwegian parliament.

Details of the latest bids are being kept secret, but it is understood that after a lengthy discussion there was general agreement in the Heimdal consortium that the gas should be piped to Emden for transmis-

Continued on Back Page

Forties reserves higher than expected, Page 6

Building society income up

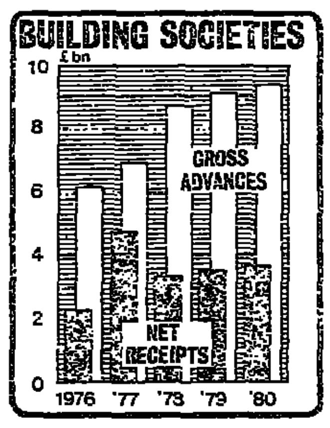
BY MICHAEL CASSELL

THE FLOW of savings into building societies during December was much higher than expected, despite the launch in mid-November of the Government's new index-linked "granny bonds" and the likelihood then that interest rates on building society deposits would be cut.

Figures released yesterday by the Building Societies Association, a day after Department of National Savings figures showed "granny bonds" sales to have been below expectations, the seven weeks to January 2 to confounded the societies' own predictions about prospects for December. The surprising performance could help boost the very high mortgage lending levels already achieved in the last few months of 1980. It should mean that mortgage finance will be readily available over the next few months.

Receipts rose from £285m in November to £448m, a monthly total which has only twice been exceeded in the last three years. At the same time, societies advanced a record £965m to home buyers and promised a further £883m in loans.

The societies had been expecting net receipts in the last month of 1980 to show an improvement because of the decline in competing interest rates. It was thought, however, that competition from "granny bonds" and the cut in societies' investors' rates would minimise any increase in receipts



The societies' buoyant performance must to some extent reflect the disappointing level of sales achieved by the "granny bonds." These were expected to bring in as much as £1.5bn by th end of the financial year, but the Treasury has now admitted that the target was too optimistic.

The bonds appear to have taken about £60m which would otherwise have found its way into building society deposit accounts in December, compared with £150m in the last two weeks of November.

Despite the cut in interest rates paid to their investors, which took effect on January 1, and the Government's decision to raise the limit on individual holdings of the 19th issue of National Savings certificates, the societies expect receipts this month to show a near repeat of the December figure.

For 1980 as a whole, figures show building societies achieving net receipts of £3.67bn against £3.51bn in the previous year. Investors left a further £3.32bn of interest in their accounts.

Total mortgage lending reached £9.4bn, the highest annual total ever, although house price increases and the granting of larger individual loans meant that the number of mortgages fell to 679,000 against 715,000 in 1979 and 802,000 in 1978.

£20m order for British ships

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BRITISH Shipbuilders has made a major breakthrough in the Far East. It has won a £20m order for four 15,000 dwt cargo ships from Sir Yue-Kong Pao's World-Wide Shipping group.

The order is significant because World-Wide is the world's biggest shipowner with a fleet of over 200 ships, totalling 20.5m dwt. In recent years it has ordered the bulk of its ships from Japan, the world's biggest shipbuilder.

The ships, known as SD 14s, are medium-sized cargo vessels of well-proven design. Introduced in 1968, the SD 14 has only one major competitor—the Japanese Freedom ship — and has been Britain's most successful postwar vessel.

The order for such small cargo vessels marks a new departure for Sir Yue-Kong Pao who has mainly purchased tankers and bulk carriers.

At present, World-Wide has over 50 ships, totalling 3.0m dwt, under construction in shipyards around the world. Its total order book is worth $1.2bn.

It is six years since Sir Yue-Kong Pao last ordered a ship in Britain and this was a 264,222 very large crude carrier from Harland and Wolff.

Over the last year, British Shipbuilders has found it very difficult to compete with the Japanese in world shipbuilding markets because of the weakness of the yen in relation to sterling.

As a result, the Japanese have captured the bulk of all new shipbuilding orders. British Shipbuilders' orderbook is at its lowest level since the industry was nationalised in 1977. It has not had an order for three and a half months.

Ship prices are normally fixed in dollars. Because of the strength of sterling, British Shipbuilders receives from the sale of an SD 14 much the same as it did in 1977, although raw material costs have risen significantly.

British Shipbuilders has forecast it will lose £110m in the current year because it cannot raise its dollar prices sufficiently to compensate for the pound's strength. All its ships under construction are being subsidised.

World-Wide has ordered the four ships from the Sunderland yard of Austin and Pickersgill. Since A and P built the first SD14 in 1968, more than 200 have been sold.

Savings competition welcomed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

GREATER COMPETITION in the personal savings market between the Government, the banks and building societies should be welcomed even if it means higher short-term interest and mortgage rates for borrowers, Mr. C. W. "Kit" McMahon, the Deputy Governor of the Bank of England, argued last night.

In his first major speech since his appointment last March, Mr. McMahon said it was necessary to face the consequences of competition in order to secure an improved pattern of finance between the various sectors of the economy.

His views on a range of financial issues were set out in the Ernest Sykes Memorial Lecture at the Institute of Bankers.

Mr. McMahon's central argument was that the long-term bond market has become increasingly dominated by gilt-edged stock: at the same time industrial finance, both short- and medium-term, has come to depend very largely on the banks.

These developments have made it "difficult to reconcile the requirements of monetary control with tolerable borrowing costs for industry and have also put the liquidity of the banking system under strain."

The Government's decision to increase its target for sales of index-linked "granny bonds" and other national savings instruments was intended to help meet these problems. "The aim is to reduce the Government's dependence on gilt-edged sales and thus to reduce the pressure on long-term interest rates. In due course this may encourage companies to fund some of their bank borrowing with long-term debt issues."

Mr. McMahon recognised that this strategy would necessarily draw the Government "more deeply into direct competition

Continued on Back Page
Editorial Comment, Page 16

Gundelach death a blow to EEC

BY JOHN WYLES IN BRUSSELS AND WALTER ELLIS IN STRASBOURG

THE NEW European Commission suffered a serious blow yesterday, only seven days after taking office, with the sudden death of Mr. Finn Olav Gundelach, its powerful and respected Agriculture Commissioner.

The 55-year-old Dane died in hospital after a suspected heart attack in Strasbourg, where he had been presented to the European Parliament on Monday, with other members of the Commission, by Mr. Gaston Thorn, its president.

Mr. Thorn told the parliament he had been "absolutely overwhelmed" by the news of Mr. Gundelach's death. "The loss cannot be measured," he said. "It is no overstatement to say that he gave his life for the cause."

The coming four years would have been Mr. Gundelach's second and an undoubtedly crucial four-year term in charge of the agricultural portfolio. With the steeply rising costs of the Common Agricultural Policy threatening to bankrupt the EEC many member-Governments were looking to him to product a formula which would yield economies while leaving the CAP essentially unchanged.

According to a Commission official the most immediate effect of Mr. Gundelach's death could be to delay the Commission's proposal for farm prices in the 1981-82 agricultural year. Mr. Gundelach was due to put some of his ideas to his 13 colleagues at a meeting next week.

Meanwhile someone—possibly Mr. Michael O'Kennedy, the Irish Commissioner, in his new role as President's delegate—may look after agriculture on a caretaker basis.

The main question is whether Mr. Gundelach's replacement as Denmark's representative on the Commission will automatically inherit his key portfolio or whether other Governments and other Commissioners will attempt to capture it.

Mr. Anker Jorgensen, the Danish Prime Minister, said in a statement yesterday that Copenhagen would be insisting on Mr. Gundelach's successor retaining agriculture. But the view of many EEC officials is that Denmark will have to find a senior politician of some reputation if it is to beat off rival claims.

Obituary, Page 2

£ in New York

—	Jan. 13	Previous
Spot	$2.3960.3970	$2.3990 4000
1 month	1.10-1.20 pm	1.55-1.45 pm
3 months	2.25-2.35 pm	2.40-2.50 pm
12 months	3.45-3.65 pm	3.50-3.70 pm

CONTENTS

For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Gundelach: perfectionist who chose slow road to CAP reform

BY LARRY KLINGER IN BRUSSELS

Mr. Gundelach . . . aloofness cost him support

THE EEC Commissioner for Agriculture, Mr. Finn Olav Gundelach, who died of a heart attack in Strasbourg yesterday at the age of 55, was a perfectionist. He was also an exceedingly private person.

These characteristics drew praise from his supporters and criticism from his detractors, the latter of whom would claim that he could have achieved far more had he been less of a "loner."

His personal perfectionism militated against his delegating authority. And some now fear this could hamper a smooth transition into the key post left vacant by his death. Those around him, it is suggested, may lack the necessary political experience to help his successor adapt.

Mr. Gundelach's aloofness, other high-placed colleages say, often denied him concerted support from other Commissioners on the proposals over which he was sure to find the most opposition among the EEC member states in the Council of Ministers.

However, his supporters, even those who had often borne the brunt of their Commissioner's stormy temperament, claim that, because he insisted on assimilating personally every detail of his brief, he was able to pursue with some success his aim of *gradually* shaping the common agricultural policy (CAP) to serve equitably those it is intended to serve: the Community as a whole, the farmer and the consumer.

His overall aims were always clear, but his successes, and therefore his legacy, are not. He fought unstintingly against the continued guaranteed price rises approved by member states for their farmers, but almost invariably lost the battle.

The result was that EEC spending on this kind of support has nearly trebled since he became Commissioner of Agriculture almost exactly four years ago, with EEC surpluses remaining, and food prices staying among the highest in the world.

Another result is that this spending has grown to the point where it threatens to exhaust Community financial resources.

Mr. Gundelach was hoping that economic reality this year might lead member states to agree on a level of price rises that would allow the budget to be saved. He also hoped they would give the Commission the political back-up for the management mechanisms that would permit it to shape policy to curb the CAPs greatest excesses and eventually reduce the unnecessary surpluses.

He was an extraordinary Dane who, after obtaining a degree in economics from the University of Aarhus, leapt immediately into international politics. In 1951 he joined the Foreign Ministry, where he was responsible for NATO and OECD issues. In 1955 he became his country's representative in Geneva dealing with UN affairs and, in 1959-67, he held senior posts with GATT, where he was much involved in the Kennedy Round negotiations.

He was head of the missison that negotiated Denmark's accession to the EEC from 1967 through 1972, and at the beginning of the following year became Commissioner responsible for internal markets and customs union. Four years later he became a Commission vice-president, responsible for agriculture.

Last year he became a candidate for the Commission presidency, the post that eventually went to M. Gaston Thorn.

It was also during this time that his health worsened. While he seldom discussed his health with colleague, it was known at the time that his medical advice was to rest. However, he immediately flew to New Zealand to negotiate successfully a butter export restraint agreement.

With this sort of example at hand, no one ever doubted Mr. Gundelach's drive and determination. But his critics always come back to his gradualist, persuasive, approach — what they regarded as his inability to confront successfully the member states in order to put the CAP to rights.

"There is no alternative to having a common agricultural policy basically of the type which we have," Mr. Gundelach said in a speech a week after he became Commissioner for Agriculture four years ago. "It is a fairly simple policy which can be adapted to the political will, adapted to the needs of our economies. I, therefore, see no reason for the clamour for fundamental change of the policy."

There is also no reason to assume Mr. Gundelach had substantially altered this view. And whenever the annual farm price review came up, his critics would invariably ask: Will he, as in the past, keep reshaping his proposals until he comes up with an acceptable mix? Or will he be the first Commissioner ever to hold out and let the Ministers stew? And if so, will he be able to get away with it?

There is no doubt that, had his considerable energies not finally failed him, Mr. Gundelach would have liked to have had another go.

Soviet engineer 'in mental hospital'

By David Satter in Moscow

MR. ALEXEI NIKITIN, a mining engineer from Donetsk, who met with two Western correspondents last month to discuss conditions in the Donetsk coal mines was rendered unconscious and taken to a psychiatric hospital in the city shortly afterward, it was learned yesterday.

Mr. Nikitin, a former mining engineer at the Butovka-Donetsk coal mine, was last seen by relatives in Donetsk Psychiatric Hospital Number Two where he was apparently in a poor condition, unable to eat and suffering from a high temperature following a series of injections, apparently with behaviour modification drugs.

He was under police guard in the hospital last month and is believed to have since been taken to the Donetsk prison to await a psychiatric examination.

Mr. Nikitin met this correspondent and Mr. Kevin Klose, the Moscow correspondent of the Washington Post, between December 5 and 9 to discuss conditions in the Donetsk mines and the reaction of Soviet workers to events in Poland.

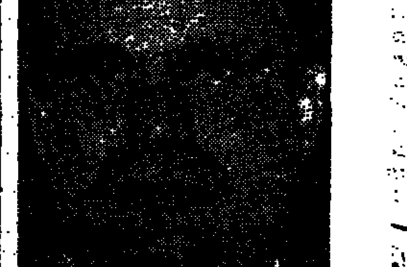
According to a reliable report reaching Moscow, Mr. Nikitin was at home with his sister on December 12, three days after Mr. Klose and I left Donetsk. An ambulance arrived and those who came in the ambulance told Mr. Nikitin he would have to undergo a psychiatric evaluation.

"Something was then done to him" and Mr. Nikitin was then "swaddled like an infant" and loaded into the waiting ambulance.

According to the report, Mr. Nikitin's relatives were told that the psychiatric examination would take place in Kharkov but have not been told when it will take place.

Mr. Anatoly Koryagin, a Kharkov psychiatrist, examined Mr. Nikitin in September 1980 after he was released following his second incarceration at the Dnepropetrovsk Special Psychiatric Hospital and pronounced him completely sane.

Mr. Nikitin has been in conflict with the Soviet authorities since 1969 and has twice been committed to mental asylums, once in 1972 for four years after an explosion at the Butovka mine which he had predicted, and again in 1977, for three years after he attempted to gain political asylum in the Norwegian embassy.



Mr. Nikitin . . . "unable to eat"

Bonn may borrow up to £1.25bn from Saudis this year

BY ROGER BOYES IN BONN

WEST GERMANY is expected to borrow DM 5bn-DM 6bn (£1bn-£1.25bn) directly from Saudi Arabia this year to ease the financing of its current account deficit and federal budget.

Finance Ministry officials said yesterday that Saudi Arabia was ready to lend directly to Bonn at "about the same level as in 1980." Last year, the Ministry borrowed DM 5.5bn directly from Saudi Arabia (through the purchase of Schuldscheine or promissory notes).

The Saudis' attitude became clear after talks in Riyadh between Dr. Horst Schulman, State Secretary in the Finance Ministry, and senior Saudi finance officials at the weekend. Last year, news of the large borrowing from the Saudis caused some unease in Bonn and criticism from the opposition, but Finance Ministry officials were at pains yesterday to point out the advantages of new borrowing. Not only would it help relieve the current account deficit, expected to exceed DM 20bn this year, it would also ease some of the strain on the West German capital market and allow Riyadh to diversify investment of its oil revenues, they said.

According to recent Finance Ministry figures, West Germany last year borrowed directly and indirectly some DM 12bn (£2.5bn) from members of the Organisation of Petroleum Exporting Countries (the main lender clearly being Saudi Arabia) and total foreign borrowings reached DM 20.6bn (£4.3bn).

Bonn's eagerness to consolidate links with the Arab oil producers and thus reduce risk to its future oil supplies has been underlined this week. In Algeria, Herr Hans Dietrich Genscher, West Germany's Foreign Minister, signed an agreement setting up a joint economic commission that will study, among other things, how to broaden Algeria's export base to West Germany. Algeria supplies 10 per cent of the country's oil needs.

The dilemma over whether to supply Saudi Arabia with arms, a request being considered in Bonn, is also affected obviously by the consideration that Riyadh is West Germany's largest supplier of crude oil.

Sharp rise in Irish unemployed to 10.5%

By Stewart Dalby in Dublin

THE NUMBER of people out of work in Ireland has risen sharply with 122,000 on the unemployment register for December. Conservatively, this means a jobless figure of at least 10.5 per cent—the worst since the foundation of the Irish Free State in the 1920s.

It probably understates the true position since the register does not include school leavers, certain categories of farmers and farm labourers, and married women once in jobs who have stopped working.

However, the gloomy figures come against a background of the Government's new investment plan for 1981 which, with a large increase in capital spending in the public sector, could create 10,000 new jobs.

These jobs would be besides the 30,000 jobs expected to be authorised through foreign investment organised by the country's Industrial Development Authority.

The authority reckons job approvals only materialise into about half the number of jobs envisaged, and that the recession in Ireland's main trading partner, Britain, is likely to worsen. There seems little ground for optimism that unemployment will return to single figures in the foreseeable future.

Through heavy public spending and job creation programmes in 1977 and 1978, unemployment towards the end of 1977 was driven down to around 8.5 per cent.

The huge increase in capital spending in the Government's investment plan—it is one of Ir£ 500m (£385m), taking the total to Ir£ 1.7bn (£1.3bn)—is seen as an indicator that the budget in two weeks' time will be a neutral one.

Nearly every economic forecaster has said it is necessary to bring down the public sector borrowing requirement, which now stands at Ir1.2bn (£923m), equivalent to 14.3 per cent of GNP.

Forecasters feel that this level of borrowing coupled with a serious balance of payments deficit on current account is unsustainable. It seems unlikely, however, that the Government will administer the necessary harsh medicine in the budget because of the forthcoming general election.

PREMIER WARNS MINERS OF 5-DAY WEEK'S DIRE EFFECTS

Fears for Poland's coal production

BY LESLIE COLITT IN WARSAW

THE POLISH Government has warned coal miners that if the five-day week is upheld this year and output remains at 600,000 tons a day, Poland will produce only 150m tons in 1981. This would be 43m tons less than in 1980, ending not only all coal exports but also depriving industry and power stations.

Mr. Jozef Pinkowski, the Prime Minister, made this dire prediction in a speech to miners and representatives of the independent Solidarity union at a miner near the Silesian capital of Katowice. He said, however, that Poland needed a minimum of 188m tons of coal, 5m below last year, to meet basic domestic requirements of 167.3m tons and "minimum exports" of 22m-23m tons.

As if to underscore the bleak outlook, the Ministry of Power reported that electricity plant coal supplies dropped sharply in the first 10 days of this month. Coal reserves are said to have fallen below the critical level in many large power plants and, if deliveries are not increased to 250,000 tons daily, industrial and prvate consumers will suffer power cuts.

At present, the Polish Communist party is as pessimistic about the economy as the former party leader, Mr. Edward Gierek, was habitually over-optimistic. The gloom is partly to try to convince workers and Solidarity that the five-day 40-hour work-week it is demanding spells economic disaster.

The Communist Party, though, is facing potentially an even more dangerous political threat from its own membership. Party members at Gdansk Harbour who do not belong to Solidarity have decided to elect their new officials according to Solidarity's "democratic rules," abandoning the party's prior approval of candidates. If this spreads to other party organisations it could spell serious trouble at the Polish Communist Party congress this spring.

Mr. Pinkowski and Mr. Mieczslaw Glanowski, the Minister of Mining, assured miners that they would have the five-day working week as stipulated in September's agreement signed with the Government. Both men, however, appealed to the miners to do voluntary work on Saturdays.

The immediate danger of a strike by Solidarity over the Government's refusal to grant the five-day week to other workers appears to have receded for the present. Solidarity's branch in Warsaw says the authorities are trying to drive a wedge between large factories, where the union is strongest, and smaller ones. In the latter, officials have threatened not to pay workers who did not work last Saturday and to discharge middle-ranking managers

In larger factories, though, the Government is saying that workers who stayed away were merely taking a free Saturday instead of the next scheduled one on January 31.

Walesa given celebrity treatment in Rome

BY RUPERT CORNWELL IN ROME

EVIDENTLY uneasy, but his simplicity and spontaneity unimpaired, Mr. Lech Walesa, leader of the Polish independent trade union movement yesterday discovered what is means to be a media celebrity in the capitalist West.

Airport workers and passengers broke into sustained applause as the leader of Solidarity stepped off his Polish Airlines plane from Warsaw, to be greeted by the heads of the three main Italian labour organisations, at whose invitation he is officially in Italy for the next five days.

Once past customs, police had difficulty clearing a way for him through photographers, journalists and onlookers jostling the man who has become the symbol of the bloodless revolution under way in Cmmunist Poland.

In an early exchange with Sig. Luciano Lama, leader of the Communist - dominated CGIL union, Mr. Walesa made it clear that the main purpose of the trip was his meeting with Pope John Paul II.

On Thursday morning he will have a private audience with his countryman and first ever Polish Pope, followed by a full-scale public audience, to which the Vatican is making the exception of admitting the Press.

The site chosen for the public meeting, the Sacred Consistory Hall of the Vatican, and the presence of journalists to record the event, is being taken by observers as underlining the Vatican's desire to present Mr. Walesa's visit as a religious "pilgrimage" rather than a political move.

The church and unions have been jockeying for the "sponsorship" of his stay. On Friday he will participate in a mass meeting organised by the unions in a Rome cinema.

France reduces loans to industry

BY TERRY DODSWORTH IN PARIS

FRANCE'S state-controlled investment organisations, used by the Government to channel long-term loans at privileged interest rates into industry, are to receive only FFr 4.5bn (£400m) this year against FFr 5.7bn (£520m) in 1980.

Funds made available under this scheme derive from four main organisations which are allowed to issue Government-backed bonds on the Paris market. These institutions are then entitled to lend to industry and commerce according to the priorities in the Government's industrial policy.

Although many of these privileged rates have amounted traditionally to only about 1 per cent less than interest payments on normal commercial loans of a similar character, a recent Bank of France study showed they are widely used. According to the report, about 40 per cent of loans issued in France now benefit from some form of reduced interest rates.

This year, while reducing the total amount available to industry and commerce mainly because funds set aside for job creation were not all taken up last year, the Government has set interest rates on this finance at 2 per cent below prevailing market rates.

Some FFr 2bn will go towards encouraging investment in export-orientated industry, and another FFr 1bn will be loaned to companies spending on new high - technology automated equipment, particularly robots.

The rest will be taken up by job-creating industry and by investment in energy-saving equipment.

Netherlands plans study on textiles

By Charles Batchelor in Amsterdam

THE DUTCH GOVERNMENT announced it is ready to investigate the prospects for the country's badly hit textile industry. It is not, however, prepared to provide financial aid to failing companies during the time that the survey is being carried out, Mr. Gijs van Aardenne, the Economics Minister, said.

The textile sector has declined at a faster rate in the Netherlands than in any other country in Europe over the past five years. It has been hit in recent months by a wave of closures and redundancies. Fewer than five months ago the Government disclosed a £6m aid programme to help the industry modernise and increase exports. But this has not prevented further shutdowns.

The Economics Ministry is now willing to commission independent consultants to survey the competitive position and financial prospects of the textile industry.

His announcement followed meetings with the unions representing textile workers. This proposal has been made at a very late stage but it is at least an attempt to find a solution, one union official said.

The announcement of yet another review of the textile sector follows the news that Spinnerij Nederland, a partnership of spinning mills set up with the help of government funds, will have to reduce staff.

Bombings herald Corsican trial

BY DAVID WHITE IN PARIS

A TRIAL opening today at a French state security court of 17 Corsican separatists, six of whom have been on hunger strike for the past two months, has become a focus for the grievances of Left-wing and nationalist organisations on the island.

An "action day" is being organised to coincide with the first day of the trial, which was heralded by a series of bomb attacks. Three bombs went off during the night of Sunday to Monday, and the following night two more explosions damaged bank branches in the island's main town, Ajaccio.

The men are charged with taking part in a kidnap incident a year ago, in the course of which a riot policeman was shot dead and two civilians were killed in police checks. They are demanding the same treatment before the law as members of the armed anti-independence movement Francia.

The kidnap occurred at the mountain village of Bastelica, where separatists intercepted a car carrying three heavily armed men. Two were said to be planning a reprisal on behalf of Francia, the third to be a separatist informer. When police besieged Bastelica the men escaped with their captive to an hotel in Ajaccio where they held the guests hostage.

The two kidnapped men, M. Pierre Bertolini, a retired army major, and M. Alain Olliel, a gunsmith, were handed over to police. After tense negotiations the separatists made an "honourable" surrender, carrying their rifles and flags in a procession out of the hotel.

Seventeen men, among 59 originally charged, were transferred to the mainland and eight of them have been held in jail throughout the investigation. Their two captives have also been charged, but face trial by an ordinary court and have been let out of prison. M. Bertolini now denies the confession he made at the time of the kidnapping concerning 47 Francia bomb attacks.

M. Jeanick Leonelli, the informer who was with them, was arrested on the mainland. He is accused of taking part in an attack by the Corsican National Liberation Front (FLNC) in May on the Iranian embassy in Paris.

French car sales fell 5 per cent last year, Terry Dodsworth writes from Paris. They were down from the record 1.98m units in 1979 to 1.87m, according to preliminary figures from the manufacturers' association. Combined with a drop of about 10 per cent in sales overseas this led to a fall in production of about 9 per cent from the 3.2m figure achieved in 1979.

Central bank chief named in Turkey

By Metin Munir in Ankara

THE TURKISH Government yesterday appointed Mr. Osman Siklar as Governor of the central bank. He succeeds Mr. Ismail Hakki Aydinoglu, who was asked to resign last weekend over a conflict about economic policy with Mr. Turgut Ozal, the powerful Deputy Prime Minister.

The new Governor is understood to be close to Mr. Suleyman Demirel, the former Prime Minister, and to Mr. Ozal. His appointment is expected to increase Mr. Ozal's influence over the central bank.

Reduction in Dutch trade deficit likely

By Our Amsterdam Correspondent

THE NETHERLANDS seems to be heading for a slight reduction in its large foreign trade deficit in 1980, according to the latest provisional figures from the Central Statistics Office.

The trade deficit fell to Fl 5.1bn (£1bn) in the first 11 months of last year from Fl 5.8bn in the same 1979 period. Imports rose by 13 per cent to Fl 138.9bn, though exports were 14 per cent higher at Fl 133.8bn.

The deficit in November was an unchanged Fl 700m. Both imports and exports were unchanged on November, 1979, figures at Fl 12.8bn and Fl 12.1bn respectively.

Police airlifted to break up Norway hydro protest

BY FAY GJESTER IN OSLO

POLICE FROM all over Norway began arriving in the northern town of Alta yesterday in preparation for a costly showdown with hundreds of demonstrators trying to stop the controversial Alta River hydro-electric power project. The demonstrators are camping, in sub-zero temperatures, beside a snow barrier across an access road. The Government has declared that work on the project must begin today.

Public debate has been raging for years about the scheme, which has been long delayed, and to some extent modified, by opposition from Lapps and environmentalists. One attempt to get work started in the autumn of 1979 had to be abandoned after demonstrations at the site and a hunger strike by Lapps camping in front of Parliament in Oslo. The Lapps claim the project will affect reindeer grazing.

The small local police force has been unable to cope with the demonstrators who are blocking the path of bulldozers.

This week's operation is the biggest co-ordinated police action that Norway has seen since the German occupation. Some 600 men, about a tenth of the country's entire police force, are being readied for duty in Alta, and will be airlifted north as they are needed. One policeman resigned from the force, after refusing to take part.

Civilian helicopters have been chartered after an air force major threatened to quit if helicopters from his squadron were used to transport police, as originally planned. A passenger ferry has been hired and brought north to accommodate the constables as local hotel accommodation is already filled to bursting with demonstrators and more than 100 Press and television reporters.

A fleet of some 40 paramilitary vehicles, borrowed from the civil defence and driven north three months ago has been mobilised for police use.

The bill for all this has been estimated at about NKr 1m (£80,000) a day, as long as the action lasts—and a local sheriff has suggested that this could be a long time. He said the police reinforcements would be needed in the area for months to protect construction gangs and their equipment from sabotage even after work gets under way.

The pact will be signed in Washington on January 16 and, next week, Norwegian and U.S. officers will meet in Oslo to discuss its implementation. Equipment covered by the agreement includes howitzers, lorries, bridge - building equipment, ammunition, fuel and emergency rations.

The deal has been bitterly opposed by the left-wing minority of the ruling Labour party, and a handful of rebel Labour MPs voted against it yesterday.

● A Norwegian-U.S. agreement to stockpile heavy military equipment in central Norway, for use by U.S. forces in a crisis, was overwhelmingly approved yesterday by Norway's Parliament.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Patrick Cockburn reports on the Libya-Chad merger

Africa sounds the alarm

COLONEL GADDAFY of Libya has always tended to dramatise his foreign policy. The announcement of Libya's merger with its vast southern neighbour Chad has provoked a strongly hostile reaction from neighbouring African states, eight of whom are now meeting in Togo to discuss the union. The French have responded by reinforcing their troops in the Central African Republic.

Nigeria, the major black power in Africa, has expelled Libyan diplomats. Its anger has that Col. Gaddafy may have been increased by a suspicion played a part in encouraging the recent bloody riots by fundamentalist Muslims in the north of Nigeria. Niger and Mauretania have followed suit.

This sense of alarm is felt more widely than Chad's immediate neighbours. Of all France's former colonies in the region, including Mali, Upper Volta and Senegal, only Ivory Coast has anything like a well developed economy. Most states are desperately poor, their plight made worse by serious droughts and ever-rising oil prices. Most have already suffered military coups. Virtually every government feels its own fragility and fears that Libya's intentions, whether for its own or Soviet-inspired reasons, are to destabilise the region as a whole.

The sight of Libyan troops and tanks patrolling the streets of Ndjamena, formerly Fort Lamy and Chad's capital, has inevitably made such countries conscious of their own vulnerability. Chad itself, riven by civil war and competing alliances of warlords, is suddenly seen as a possible base for further Libyan intervention.

Col. Gaddafy has always tried to play a larger role in Middle East and African politics than the size and power of his country can easily sustain. In the past he has tried in vain to unite with Egypt, Tunisia and Sudan. Chad is a more vulnerable target.

French troops were finally withdrawn from the country last May after 15 years of fighting against the Libyan-backed rebels in the north and centre of the country.

Chad today is hardly a prize. It is one of the poorest countries in Africa, dependent on cotton and cattle raising. Its population speaks a multiplicity of languages. The northern, mainly desert half of the country, though the same size as France, has just 82,000 inhabitants. Some 40 per cent of the total population is Moslem: Moslems are also the majority in Ndjamena. The more settled farmers of the south are Christian or follow local religions. Libyan intervention is likely to produce a violent reaction among all the factions and now excluded from power, by President Govkouni.

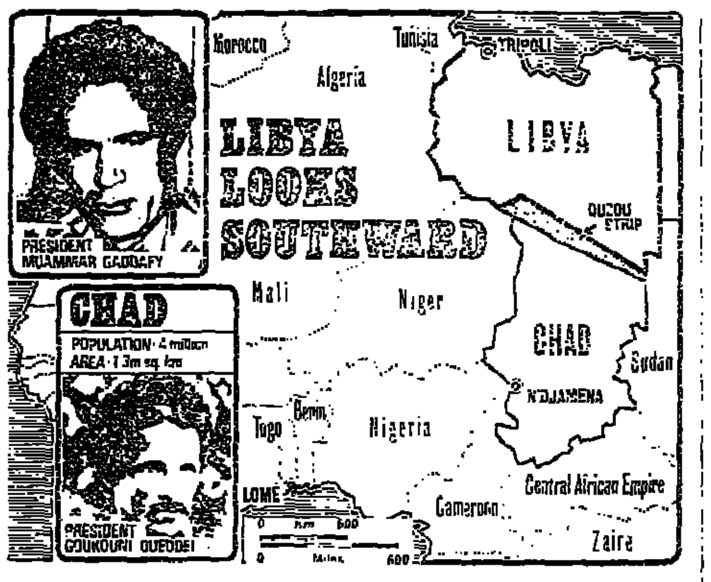
Libya may find that, like France, it is tied down in a protracted guerrilla war against local warlords financed and armed from outside the country. At the same time Col. Gaddafy has had his first real foreign policy success and one he will not abandon easily.

Libya's influence over Chad will be strong but contested. Real unity is unlikely. All the more so since Libya claims the Ouzou strip in the north of the country. This is an extensive range of territory which probably contains uranium deposits and possibly oil. If Libya successfully claims this region then a precedent is opened for Libya to claim territory from other neighbours. Algeria, for instance, under the French in the last century expanded considerably at the expense of the Libyans. Tunisia has been particularly worried by Col. Gaddafy's intentions ever since the raid on the border town of Gafsa by Libyan-backed rebels last year.

Colonel Gaddafy can do little against states such as Egypt and Tunisia. It is in the Sahara that an expansionist foreign policy is likely to pay most dividends. France has firmly denounced the merger with Chad but will hardly wish to ruin its commercial relations with Libya. It has already felt the need to deny that it acquiesced in the Libyan-Chad merger in return for oil concessions in Libya. For the moment Paris is seeking to reassure its francophone allies and dependencies without breaking its links with Tripoli.

For Col. Gaddafy the gains to be made in Chad are more tangible. All the money and effort which has gone into his foreign policy and building up of the Libyan army is, at last, showing results. Such an achievement will help quell the doubts of Libyans who have watched their country's foreign policy evolve since the disastrous intervention in Uganda in 1979 when Col. Gaddafy unsuccessfully tried to prop up the crumbling regime of President Idi Amin.

But the proposed merger with Chad also has its dangers for Libya. With the advent of the new Reagan administration later this month Washington may wish to show a new militancy in its foreign policy. Libya, short of reliable allies and lacking a powerful army, could well look a soft target.



Factions fight for control

GRANTED independence by France in 1960, Chad has never seen stable government. The Moslem north of the country was in a continuing state of rebellion. The Government, backed by France, was drawn from the more settled south.

As rebellion spread in the 1970s, French military intervention increased and the rebels received substantial assistance from Libya. The first power-sharing Government between some of the factions was set up in 1978.

The French started to disengage and Nigeria tried to help put together a government at a series of conferences. Eleven factions eventually signed a peace agreement in Lagos in 1979.

It did not hold. For most of last year Chad's capital, Ndjamena, was devastated by fighting between the private armies of President Goukouni Oueddei and Mr. Hissene Habre, the Defence Minister. Ceasefires were continually arranged and broken. President Goukouni finally triumphed when Libya gave him full support.

Mr. Habre was forced to flee the country and, on January 6, a pact was signed under which Libya and Chad agreed to work towards unity.

Namibia talks on brink of collapse

BY MICHAEL HOLMAN IN GENEVA

THE UNITED NATIONS conference on Namibia last night appeared to be on the brink of failure. In a 22-page address to a closed session, Mr. Dirk Mudge, chairman of the Democratic Turnhalle Alliance (DTA), which controls the country's national assembly, set out a wide-ranging series of conditions which would take several months to effect and which would have to be met before the Alliance would accept UN supervised elections in the country.

The UN has been asking the DTA and the guerrilla-backed Southwest Africa Peoples Organisation (SWAPO) to agree that March 31 would be the implementation date for a ceasefire and elections, which would bring the disputed territory to internationally recognised independence by December 31.

For the five Western members of the Security Council—Britain, Canada, the United States, France and West Germany—the apparent failure to win agreement on the date is a major setback to their efforts to end an intensifying war in Namibia.

The dispute has serious regional implications, notably for neighbouring Angola, which provides the main bases for SWAPO guerrillas, and Zambia, which has provided limited support. Both countries, but particularly Angola, have been hit by South African ground and air raids.

The conference, which opened last Wednesday, has been deadlocked while UN officials and observers from the five Western Security Council members have sought to assure South Africa and the internal Namibian parties that the planned settlement would be conducted impartially.

Until yesterday, DTA demands were the withdrawal of SWAPO's status—accorded by the UN General Assembly—as "sole authentic representative" of the Namibian people and an end to its financial support from the organisation.

A formula to meet these demands could have been found, but UN and Western diplomats have feared that further conditions would be laid down—which Mr. Mudge proceeded to do today. Apart from repeating earlier demands, the DTA leader raised doubts about the feasibility of UN monitoring in the demilitarised zone, a critical element in a Namibian ceasefire.

He also said that internal Namibian parties should have the right to address the UN General Assembly. He went on to call for discussion of at least the principles of the independence constitution. Under the UN plan, the constitution would be drawn up by the newly elected members of the assembly.

Negotiations to salvage the conference were continuing last night, but Mr. Mudge's demands were couched in terms so broad and with such an open-ended time scale that there seemed littl chance of success.

A senior UN official privately described yesterday's developments as "the end of the road" and declared that the South African Government had shown it was acting in bad faith. SWAPO officials said that the outcome was no surprise. There would now be serious doubts about the viability of the UN plan.

Syria ready to negotiate with Reagan

By Ihsan Hijazi in Beirut

MR. ABDEL HALIM KHADDAM, the Syrian Foreign Minister, has indicated that his country will be prepared to negotiate with the U.S. on the Middle East if the Administration under Mr. Ronald Reagan changes present U.S. policy.

Mr. Khaddam, who is on a tour of Gulf States, spoke in an interview with the Qatari television. His statements were broadcast yesterday by the State-controlled Damascus radio.

Asked about reports that contacts were under way between the Syrian Government and the new U.S. administration, he said: "Syria does not expect any change in American policy during the Reagan presidency. However, in the event a positive development takes place, we would consider the matter accordingly and when it occurs."

Chinese spending cuts cause serious unemployment

BY TONY WALKER IN PEKING

CHINA is embarking on job retraining schemes to cope with idle labour, following the staggering unemployment caused by cuts in capital construction spending. As many as 10m workers could be affected by the recenty announced economic readjustment, which is hitting projects in almost every province.

Yao Yilin, State Economic Planning chief, revealed in a recent interview that thousands of unemployed workers, victims of harsh cuts in spending, would be paid a "basic wage" and retrained to increase their "technological skills."

China already had a sizeable unemployment problem before it embarked on this latest readjustment of the economy. It is estimated that as many as 20m people in the cities are out of a job, which does not take account of those who are underemployed. Most Chinese factories suffer from overmanning.

China does not have a formalised system of paying unemployment benefits. The scheme proposed by Mr. Yao is a radical departure from present practice, which is for local communities to support those who are out of work.

Mr. Yao's scheme is almost certainly recognition that the scale of the problem is such that existing local "welfare" arrangements would not be able to cope.

The giant Baoshan steelworks on the fringes of Shanghai is a prime example of a project being curtailed where thousands of jobs will be affected. It was originally estimated that Baoshan would employ as many as 50,000 workers in its construction phase.

One effect of the unemployment problem is that the authorities have been forced to relax restrictions on private business activity. People are being allowed to ply their trades again.

Indian development bank faces crisis over funds

BY KEVIN RAFFERTY, RECENTLY IN BOMBAY

THE INDUSTRIAL Development Bank of India, the country's leading long-term lending institution to industry, has asked the Government for a major revision of the terms under which it lends. Otherwise, it fears, it will not be able to meet the needs of industry.

Already the Industrial Development Bank (IDBI) is facing something of a crisis, and according to Dr. S. A. Dave, its executive director, it is R2bn (£103m) short of funds. This sum is equivalent to more than 20 per cent of the funds the IDB actualy disbursed in 1979-80.

"We are facing the tightest position in our history," said Dr. Dave. The IDBI has been able to tide itself over by a series of short-term devices such as raising R600m from the Life Insurance Corporation, borrowing temporary funds from the Reserve Bank of India, and taking advantage of the fact that the Government's finacial year starts three months before its own.

The bank has asked the Government for permission to increase its lending rates and to have the power to vary the interest rates during the life of a loan.

At present the IDBI's normal interest rate for direct industrial loans is 11.85 per cent and once a loan agreement is signed, the rate stays the same throughout the full term. But the institution also lends at lower concessional and soft loan rates, the latter as low as 8.1 per cent, for special groups and areas which the Government is anxious to encourage. Some of its loans made indirectly bear even lower interest rates.

R. C. Murthy adds from Bombay: Although the Government has intensified efforts to raise production of crude, a shortfall in refining capacity is forecast. Demand for petroleum products is expected to go up to 49m tonnes in 1985-86. At 80-85 per cent average capacity utilisation the installed capacity for refining will have to be around 60m tonnes in 1985-86.

The present refining capacity, al lof which is under Government ownership, is 31.8m tonnes. A 6m tonne refinery is under construction.

Warm welcome for Suzuki in Singapore

MR. ZENKO SUZUKI, Japan's Prime Minister, has arrived in Singapore to what may prove to be the warmest official welcome he receives on his current Asean tour. Kathryn Davies writes from Singapore.

Singapore shares none of the sensitivities of its Asean partners over Japanese "economic imperialism."

Japan is the second biggest investor in Singapore after the U.S. Mr. Lee would like Japan to spend more on defence to counter the reduction of U.S. forces.

EGYPT'S OIL PROSPECTS

Rush to find new fields

BY ANTHONY McDERMOTT IN CAIRO

THE QUICKENING pace of Egypt's search for oil has been underlined afresh this week by Mr. Ahmed Hilal, the Petroleum Minister, who said that companies had last year found crude at 14 new sites in the Gulf of Suez, where three-quarters of Egypt's oil is now produced.

The most promising find was one by a subsidiary of Mobil at the southern tip of the Gulf, he added. In New York, Mobil confirmed it had struck crude about seven miles from shore and 25 miles north of the town of Hurghada.

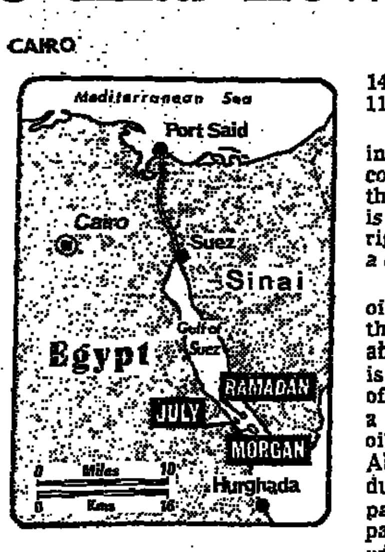
The Minister's remarks reinforce the fact that last year was the most successful yet for Egypt's oil sector.

Income for Egyptian oil exports, worth $1.8bn in 1979, rose to $2.8bn, underpinning an expected balance of payments surplus of about $1bn. According to the state-owned Egyptian General Petroleum Corporation, production averaging about 650,000 barrels a day, was up by 8 per cent on the 1979 average of 600,000 b/d.

This year, Egypt will earn yet more as it has raised the price of all its three crudes by $4 a barrel, so that its light Morgan blend now costs $40-50. According to a senior Oil Ministry official, Egypt has had no less than 113 bidders for its oil at that price, accounting for about 120,000 b/d once Israel, the major customer, has taken its share of 40,000 b/d.

But behind this encouraging picture remain two important questions. How far can production be increased? And what export income can be expected?

On the Egyptian side, there has inevitably been optimism. President Anwar Sadat still talks of production reaching 50m tonnes (1m b/d) a year. The oil companies, by contrast, tend to be more reserved.



The Egyptian Government also claims that the country has 3bn b/d of crude reserves. The oil companies tend towards 2bn. At proluction rates of 700,000 b/d, this is the difference between 12 and eight years of peak production.

Egyptian officials point to the stream of companies which have signed contracts for concessions, not just for the Gulf of Suez but also for the Western Desert and the 30 blocks in Sinai, from which Israel has largely withdrawn. Since May, 1973, 88 agreements have been signed, involving a total commitment of $1.9bn for exploration and development. Last year, $877m was committed and there are no blocks left in the Gulf of Suez. Yet oil company officials are less enthusiastic about the Western Desert and Sinai areas, and point out that even relinquished concessions in the Gulf of Suez have rarely produced sizeable new finds.

The consensus is that large discoveries on the scale of the Morgan, July and Ramadan fields, are unlikely. These in mid-December were producing 143,000 b/d, 110,366 b/d and 118,000 b/d.

Each new rise in oil prices inevitably makes small discoveries more attractive. Indeed, the main constraint this year is likely to be a shortage of oil rigs, now costing about $50,000 a day, twice the price a year ago.

But in judging Egypt's future oil earnings iti s worth noting that local consumption takes about half of production and is rising at the alarming rate of between 10 and 15 per cent a year—although investment in oil exploration may reductions. About 25 per cent more of production goes to the oil companies involved in exploration, partly as "cost recovery" but with between 13 and 15 per cent of the oil produced on top as clear and highly attractive profit. What remains as an exportable surplus is only about 160,000 b/d.

The future size of this exportable surplus will also depend on new oil finds, for large fields are needed to maintain or increase existing levels beyond the mid-1980s and to make up for the gradual depletion of the big fields, notably Morgan. As for sales, Egypt will always find customers—not least Israel, whose purchases, with an extra load of 60,000 tonnes thrown in, were worth $750m in 1980. But an end to the Iran-Iraq war could result in increased production by OPEC, and Egypt which is not a member, may not command such high prices.

The best estimates put the exportable surplus as rising over the next two years by between 5,000 b/d and 10,000 b/d and production peaking at about 750,000 b/d. If this is the case, then Egypt's production and earnings could reach a plateau towards the second half of this decade.

Trudeau tries to salvage constitution reform plan

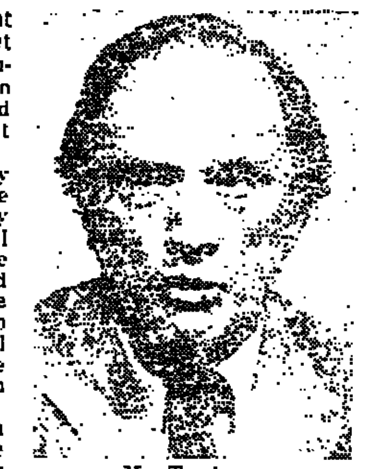
BY JIM RUSK IN OTTAWA

CANADA'S federal Government has unveiled a wide-ranging set of amendments to its constitutional proposals, designed to salvage the heavily-criticised reform package before it is sent to the British Parliament.

The changes, announced by Mr. Jean Chretien, the Justice Minister, to the Parliamentary Committee on Constitutional Reform, include an extensive rewriting of the proposed charter of rights to give more power to the courts. They also provide for a federal-provincial commission to establish the rules for a proposed referendum on constitutional changes.

The changes are aimed in part at heading off alternative proposals by Ministers from six provinces, who met in Montreal yesterday. All six are trying to block the plan by Mr. Pierre Trudeau, the Prime Minister, to change the constitution unilaterally, and have already started a court challenge to his proposals.

In strengthening the authority of the courts Mr. Chretien has acceded to critics of the rights package who had asked for a broader, more effective charter



Mr. Trudeau: battle with the provinces

of human rights that could not easily be circumvented by the federal Parliament or provincial legislatures.

The Government has also tightened a controversial section on language rights, which will allow more English-speaking children in Quebec to be educated in their home language. This is likely to arouse opposition in Quebec, where English-speakers from other provinces now have to attend French-language schools.

Changes proposed for the referendum rules are designed to placate Saskatchewan's premier, Mr. Alan Blakeney. Under the new plan, a referendum to determine a formula for amending the constitution would be conducted by a neutral federal-provincial commission. It could only be held within specified time limits after the passage of a new constitutional resolution in the federal Parliament.

The parliamentary committee is to finish its clause-by-clause analysis of the reforms within three weeks, and will report back to Parliament by mid-February. Ottawa still hopes that the ensuing resolution will reach Westminster in time for "patriation" of the constitution to Canada by the summer.

At present the Canadian constitution is rooted in the British North America Act passed by the British Parliament, and any amendments have to be submitted to Westminster.

Record year for U.S. rail freight

BY IAN HARGREAVES IN NEW YORK

FREIGHT traffic on U.S. railways set another record last year as big increases in coal and grain business offset a fall in the movement of most other commodities.

According to the Association of American Railroads, the major companies last year carried 915bn ton-miles of goods in 1980, a 0.1 per cent increase on the boom year of 1979. These figures are one reason why railway stocks have been so popular on Wall Street in the past year.

The figures also present a picture of the varying impact of the 1980 recession on different U.S. industries and regions. Coal is by far the railways' biggest cargo, and produced more business for the railways in 1980 than in any year since 1958, reflecting its increased use as a domestic energy source and higher exports. Over 5.7m coal cars were loaded in the year, an 8.6 per cent increase on the previous year.

Exports were also an important factor in pushing grain traffic 10.1 per cent higher to 1.5m car-loadings.

The biggest drops in traffic were from the motor industry. Motor vehicle and component shipments were down by 24 per cent. Metals and metal products were 16.6 per cent lower and timber and wood products were down 21.3 per cent.

These industrial patterns also created a distinctive regional pattern, underlining the extent to which the recession was concentrated east of the Mississippi. Ton-miles for the year were 2.2 per cent higher in the South, 1.67 per cent higher in the West, but down 5.3 per cent in the East.

Brazil N-plan postponed

By Rik Turner in Sao Paulo

THE BRAZILIAN nuclear programme's completion date is now the year 2000, according to Senor Cesar Cals, the Energy Minister. He made this clear after a meeting of the superior energy council.

Announcement of the new date marks a second postponement for completion of the programme, which is being carried out under an agreement signed with West Germany in 1975. It was initially due to finish in 1990 with eight nuclear reactors built with the technological help of Kraftwerk Union.

In December Herr Franz Joachim Schoeller, Bonn's ambassador to Brazil, disclosed the postponement of completion for five years until 1995. Now, according to Sr. Cals the reactors will not all be on line for a further five years.

Donovan denies knowing of 'deal with Teamsters'

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT-ELECT Reagan's nominee for the post of Labour Secretary, Mr. Ray Donovan, has denied during his Senate confirmation hearings that he knew anything about a charge that his New Jersey construction company bought industrial peace with the Teamsters Union by taking a union official's chauffeur on to the payroll as a "ghost employee."

Democrats on the Senate Labour Committee said Mr. Donovan's ignorance of the charge—now being investigated by the Justice Department—strained their credulity. But the Republican majority on the panel supported him, saying the Schiavone company of New Jersey had 1,500 employees and Mr. Donovan's oversight was understandable.

The issue is not expected to affect Mr. Donovan's chances of Senate confirmation. Mr. Donovan condemned the practice, whereby union officials are put on company payrolls without doing any work but noted that it was quite common in the U.S. construction industry.

The Teamsters Union happens to be one big union which at the national level backed Mr. Reagan's presidential bid.

The progress of the Reagan team through Senate confirmation hearings is going quite smoothly and the entire Cabinet will probably take office soon after Mr. Reagan is inaugurated on January 20.

El Salvador struggle intensifies

BY WILLIAM CHISLETT IN MEXICO CITY

LEFT-WING guerrillas in El Salvador are failing in an attempt to topple the U.S.-backed civilian-military junta before Mr. Ronald Reagan, takes office as U.S. President in six days time, according to the Government in El Salvador.

The guerrillas, on the other hand, say their offensive is continuing and announced yesterday that they were setting up administrative committees in areas under their control. Since the weekend over 500 people are reported to have been killed in fierce clashes

The latest casualties raise to about 11,000 the death toll in the 14 months since the fall of the conservative military dictatorship headed by Gen. Carlos Humberto Romero. His overthrow triggered off a power struggle between left-wing and right-wing extremists.

The left-wing guerrillas have intensified their campaign because they fear that the Republican Administration in Washington will bolster the junta in an effort to prevent another left-wing victory in the U.S. backyard.

The junta imposed a dusk-to-dawn curfew on Sunday, soon after the renewed fighting began. The measure follows a year-long state of siege. Fighting is reported from many cities and near the capital, but the junta said yesterday that all cities were still under its control.

Nevertheless the junta's position is thought to be growing increasingly weak and that it is not in complete control of the country. Many rural areas are controlled by the Left.

The latest fighting is the heaviest in which the armed forces have been engaged for a long time and there are signs of growing discontent within the ranks. If it leads to desertions in favour of the guerrillas, the junta would be further undermined.

Japanese may suspend payments on Iran project

By Richard C. Hanson in Tokyo

THE JAPANESE Government is likely to allow the Japanese partners in the halted Bandar Khomeini petrochemical complex in Iran to suspend interest payments of Y100m (£204,000) a day on loans extended through the Export and Import Bank of Japan.

Eximbank and a syndicate of private banks have made loans of Y300bn (£613.5m) to fund Bandar Khomeini, construction of which was 85 per cent complete before the Iran-Iraq war. The $3.4bn complex has since been bombed.

The Ministers involved, including those for Finance and Trade and Industry, will meet later this month to make a final decision on interest payments. The next instalment is due next month.

The loans have been channelled to the Iran-Japan Petrochemical Company, the operator at Bandar Khomeini. The company is a 50-50 joint venture between the Japanese partners, led by Mitsui, formed into Iran Chemical Development Company (ICDC) and the National Petrochemical Company (NPC) of Iran.

ICDC's talks are advanced with the Japanese banks but final agreements have to be worked out on the rescheduling of NPC's portion of the debt, much of which is loans from Eximbank.

What is not clear is whether NPC's Euromarket borrowings of about Y200bn will be affected by rescheduling, but it is assumed here that the Iranian Government will honour the debts on schedule.

ICDC would like interest payments from the joint venture—they account for 80 per cent of its expenses now that work has been halted—suspended for about a year, even if the war ends earlier.

It would also like the Japanese Government to resume payments on its share of the equity in the company. These stopped when war broke out leaving Mitsui and its partners to meet both interest and operating expenses.

The Government has so far contributed Y5.4bn of a Y20bn equity commitment.

Motorcycle makers agree to EEC talks

By Charles Smith, Far East Editor, in Tokyo

THE JAPAN Automobile Manufacturers' Association (JAMA) has agreed in principle to hold a "motorcycle summit" with the EEC similar to the car summit held late last year.

It would take the form of a meeting, probably in Tokyo, between the presidents of Japan's four motorcycle manufacturers, Honda, Yamaha, Suzuki and Kawasaki, and the heads of leading European companies such as Motobecane, Piaggio and BMW.

A committee representing European motorcycle makers proposed the meeting in a letter to JAMA late last year.

If a motorcycle summit is held, it would probably focus not only on export restraint by Japanese makers (a somewhat academic subject since Japan already dominates the EEC market) but also on the scope for co-operation between the Japanese and European motorcycle industries.

Japan exported nearly 709,000 motorcycles to the EEC during the first eleven months of last year increasing its shipments, in volume terms, by 32 per cent over the same period of 1979.

SAUDI THIRD DEVELOPMENT PLAN

More scope for British exporters

BY PAUL CHEESERIGHT

BRITISH exporters have scope to raise their sales in Saudi Arabia at a faster rate than the overall imports increase of 7 per cent a year projected in the Third Saudi Arabian Development Plan 1980-85.

"The Third Plan places more emphasis than previous Plans on requirements that British business should be able to meet," says a Midland Bank Group study,* prepared for the Committee for Middle East Trade (COMET) and published today.

COMET is using the study as a further opportunity to appeal for a concerted effort on the part of the Government and the private sector to boost exports to Saudi Arabia.

The study notes there are special reasons for seeking greater official support, listing the large potential for export orders and the substantial official assistance offered to competitors.

Officially, the level of support which can be given to exporters is no more nor less than that which can be given to exporters working in other markets.

But, the creation last year of a Projects and Export Policy division within the Department of Trade could help to deploy more effectively the assistance available to bidders for capital projects.

There is concern in exporting circles that the political contacts between the UK and Saudi Arabian authorities are not as close as they ideally should be following the temporary breach in relations caused by the screening last year of the television programme, Death of a Princess.

Diplomatic relations are now fully restored and there is no reason, says the study, "why British consultants, contractors or suppliers should be penalised when bidding for contracts."

UK exports to Saudi Arabia, despite Death of a Princess, were just over 2 per cent of total exports in the first 10 months of this year, the same proportion as in 1979, and 7.5 per cent of the Saudi imports market. They were worth £870.1m, of which £435.6m came from machinery and transport equipment and £193.3m from manufactures.

Two further factors are helping British companies in the Third Plan, which has a budget of about $100bn. The first is that projects are likely to be awarded in smaller units than in the past.

The second is that maintenance and repair work on past projects has become an increasing property.

A concentration on smaller projects could ease what has been a chronic difficulty for UK contractors in the Middle East—the posting of bid and performance bonds. In Saudi Arabia, these are generally set at 1 per cent for bid bonds and 5 per cent of the value of the contracts for performance bonds.

But, the study points out, the Saudi authorities are laying greater stress on the transfer of technology to Saudi Arabia, the training of Saudi nationals and the need for joint ventures. British companies will have to meet these pre-conditions.

** The Third Saudi Arabian Development Plan 1980-85, prepared for the Committee for Middle East Trade by Midland Bank Group; London, January 1981; £5.*

Yugoslav cars for UK market in April

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

YUGOSLAV CARS will be launched for the first time in Britain in April.

The cars, Zastava 101s, are variants of the Fiat 128 and will compete head-on with Fiat's own versions. Last year between 2,500 and 3,000 Fiat 128s were sold in the UK.

The import company, Zastava Cars (GB), is 49 per cent owned by the Yugoslav manufacturer, Zastava, and the state-owned export house, General Export Company.

The rest of the shares are held by British interests including the chairman, Mr. Dennis Hands, who owns several car retailing businesses, and chief executive Mr. Michael Heerey who formerly held a similar post at the company which imports Lada cars.

Mr. Hands, 35 years in car retailing and whose outlets handle Ford and Datsun products among others, said: "We will make low prices our main selling point. For this reason, we expect to attract most of our business away from other East European manufacturers."

Zastava hoped to sell between 2,000 and 3,000 cars in Britain this year. "In its best year Lada sold 23,000 cars in the UK and I believe that ultimately we could aim for annual sales of 20,000," said Mr. Hands.

When the cars are launched Zastava will charge £2,500 for the three-door hatchback with an 1100 cc engine, and £2,950 for the five-door, 1300 cc engined version.

Following a 10 per cent price cut in Britain in December, the Fiat 128 range starts at £2,950.

The newcomer will not be welcomed by Fiat's British subsidiary which is struggling to turn round from a very sharp drop in sales. In 1980, Fiat's unit sales fell from 70,626 to 45,267 and its market share from 4.1 to 2.99 per cent.

The East Europeans, Lada, Polski-Fiat and Skoda also suffered badly in the aggressive and competitive conditions last year and saw their market shares drop markedly.

Mr. Hands completed arrangements in Belgrade last week and maintains that Fiat and Zastava have reached agreement over the export of cars to the UK. The manufacturing licence held by Zastava only precludes export of Fiat-based models to countries in which the Italian group has an assembly plant.

He would give no details about the finance needed to set up Zastava Cars (GB). But he stressed the company would not own retail outlets.

Yugoslavia last year was looking for a 15 per cent increase in its $80m of exports to Britain in 1979. This latter figure was only 24 per cent of the $337m of imports from Britain.

In February 1980, Yugoslavia initialled an agreement with the EEC which gave it broad export facilities that should help offset the large trade deficit with the UK.

Algeria and U.S. likely to agree on gas price soon

BY PAUL BETTS IN NEW YORK

ALGERIAN AND U.S. energy officials appear to be close to a tentative agreement on the long-standing dispute between the two countries over the price of Algerian Liqued Natural Gas (LNG) supplies to the U.S.

During the past 48 hours, talks in Washington between the two countries behind closed doors are understood to have made substantial progress, and a settlement is expected to be reached soon.

The basis of an agreement appears to have already been hammered out which would enable Algeria to increase immediately its gas prices to about $5 for 1,000 cu. ft., and in some cases to $6 or more.

Originally, Algeria wanted to increase the price of its gas exports to the U.S. to about $8 for 1,000 cu. ft., as part of the North African country's long-cherished goal to establish a greater parity between the price for crude oil and that of natural gas.

Before Algeria blocked deliveries of its gas to the U.S. last spring, it was selling its gas at a price of $3.43 for 1,000 cu. ft.

Algeria, however, has recently reached agreement with some of its other international customers involving an average price of $5 for 1,000 cu. ft. for its gas. At the same time, it has considerably softened its stand on the controversial issue.

The present pricing talks in Washington are of particular importance to the U.S., as they are expected to set the stage for a series of other gas price increases involving imports of Mexican and Canadian gas to the U.S.

Bonn is ready to resume Iraqi export guarantees

BY ROGER BOYES IN BONN

WEST GERMANY is prepared to start giving export credit guarantees again to companies doing business with Iraq.

The move ends months of uncertainty for German companies who had feared that the Gulf war couldd mean an extremely lengthy suspension of credit guarantees and probable loss of business.

Hermes, the State-backed insurance organisation, is now ready to consider applications for credit guarantees for contracts with Iraq outside the immediate war zone. The usual criteria of commercial and political risk will be applied before the approval of the new guarantees.

The West Germans had hung back from granting credit guarantees for several months because of the war, and some companies had complained that provisional promises of export cover had not yet been fulfilled. It was feared that hesitation could endanger potentially lucrative contracts.

According to the West German Middle East Trade Association, some DM 10bn-worth (£2.2bn) of contracts are under tender with Iraq. The major German tender has been submitted by Hochtief, the construction group, for the building of the first stage of a 3,600 metre dam on the Tigris River.

This contract is estimated to be worth nearly $2bn and the Iraqi Government is said to be ready to award the contract before the end of the year.

German trade with Iraq increased greatly last year because of a concerted export drive. Although year-end figures are not available, in the first half of 1980 Germany sold goods worth $819m (£341m) compared with $463m in the first six months of 1979.

Russians pay £76m for Finnish icebreakers

BY LANCE KEYWORTH IN HELSINKI

OY WARTSILA AB, one of the largest private industrial companies in Finland, has signed a contract with V/O Sudimport of the Soviet Union for the delivery of seven river icebreakers.

The order, valued at about FM 700m (£76m), takes the company's shipbuilding order book to FM 6bn.

The latest order will bring to 34 the total of icebreakers delivered to the Soviet Union. The company is discussing with V/O Sudimport the construction of nuclear-powered icebreakers for which the Soviet side would supply and instal the atomic power unit.

The new icebreakers are technically unique with a draught of only 2.5 metres. They are designed for navigation in Siberian rivers at temperatures down to minus 50 deg. C, and will make it possible for the rivers to remain open for considerably longer than the present four to six months a year.

The ships are the result of three years' development work both in the company's ice-testing laboratory in Helsinki and in Siberian conditions.

They are powered by diesel electric machinery with a shaft

horsepower of 5,170 (3,800 kw). Wartsila, Finland's largest shipbuilder, constructs special types of vessel such as icebreakers, luxury cruise-liners and cable layers.

Republicans face bottlenecks in flow of military hardware

BY DAVID BUCHAN IN WASHINGTON

WHEN PRESIDENT Jimmy Carter presents his farewell Budget later this week, it will be his $196.4bn military spending plan for 1981-82 that will grab most of the headlines.

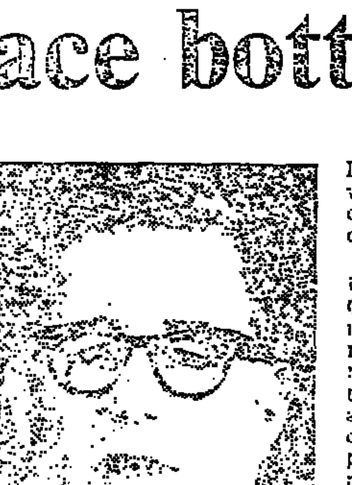
This is not surprising: without taking inflation into account, the military budget will be some 15 per cent above present levels and, however Mr. Ronald Reagan revises the Democratic blueprint, he can be counted on to add to its total cost.

But beneath the enthusiastic political mood on defence, two questions deserve to be asked: is America's defence industry in a position to fulfill massive new arms orders, and will the country be getting its extra money's worth?

A highly sceptical answer to both questions was in fact given earlier this month in a House Armed Services subcommittee report that showed up serious deficiencies among defence sub-contracting companies and shortages of skilled manpower and strategic material. It pointed at the Government as the root of many of these problems, accusing it of procuring weapons in a manner heedless of the interests of taxpayers and defence companies alike.

At the least, the Congressional study suggests the new Administration might be ill advised to embark on an arms buying binge and that a better course would be to focus first on service pay and general readiness. That would disappoint the hardware enthusiasts in the Reagan camp, but squares with the cheese-paring views of Mr. Casper Weinberger, the incoming Defence Secretary—he says he wants to build up U.S. defence without waste along the way.

A very large slice of the U.S. defence budget goes on service pay and pensions. But there are a host of reasons why the U.S. spends so much on hardware—some inherent in its nuclear role and the fact that its first line of defence is in far-off Europe, the U.S. military's preference for "gold-plated" weapons (from nuclear carriers down to its latest anti-tank guns, for which ammunition costs $5,000 a throw), and the habit among Congressmen of ordering more arms than the Pentagon wants, to satisfy constituency clients.



Mr. Brown: best efforts saved $1.5bn

But the report, which underlines inefficiencies in how Washington sets arms contracts, gives some support to European allies' charges that the U.S. should look first to getting value for its defence money, before casting aspersions on other countries' defence efforts. As it happens, Mr. Weinberger and Mr. Alexander Haig, the Secretary of State-designate, have said they will not beat European allies over the head with the commitment to increase defence spending 3 per cent.

How big an industrial base U.S. defence needs is arguable. Certainly, in the nuclear age most wars will be swift and nasty, fought with the equipment on hand and without time to expand production. But that, as Congressman Richard Ichord of the House Committee complained, is a self-fulfilling prophesy: if only "short wars" are planned, then all wars will be short—perhaps to the detriment of the U.S.

Even at present, bottlenecks persist in the defence industry which at any one time comprises roughly 25,000-35,000 contractors doing business directly with the Government, and some 50,000 sub-contractors. The problem is not so much with the first category. The big boys among them, such as Boeing and General Dynamics, have frequent disputes with Washington over cost over-runs and delays, but they generally do pretty well out of defence work.

The bigger contractors make about one third (5 per cent) of the return they make on their civilian sales because of lower volume. But since the Government puts up research and development costs, their return on investment between military and civilian work is about the same.

While sharing the industry's general complaint about excessive Government requirements and paperwork laid upon it, the Congressional study found that sub-contractors had a special complaint. Prime contracting firms, they said, passed on to them too much of the paperwork and too few of the financial rewards.

As a result of "stop-go" instability of defence policies and the cyclical nature of arms procurement, fewer small firms are now interested in defence work. Those that are told the House committee they tended to bid up defence contracts 25 to 100 per cent more than comparable civilian work.

The sub-contracting base has also shrunk because many small foundries, doing forging and casting metal work, have closed due to new environmental, health and safety rules of the 1970s. At the same time, there is little excess capacity in these sectors.

Resulting bottlenecks have lengthened, for instance, average delivery time for aluminium

Mr. Weinberger: a name for cheese-pairing

forgings and aircraft landing gear to 120 weeks, and 62 weeks for integrated circuitry.

Some skills are in very short supply. The Government estimates the U.S. will be short of 250,000 machinists over the next five years—the more complex the weapons, the longer it takes to train someone to make it.

Allied to this is the concern that many kep weapons components are either made abroad or sent there for assembly, such as semi-conductor devices put together in the Far East. A more traditional worry is that the U.S. is very dependent on unstable foreign sources—the Soviet Union and Southern Africa—for a high proportion of strategic minerals and materials.

The House study complains that the U.S. has drastically run down its strategic stockpile in the 1960s and 1970s, selling off more ordinary commodities such as copper, aluminium, nickel and using the proceeds to prop up the Federal Budget rather than buying stocks of rare minerals, such as cobalt. In fact, a 1979 law now requires stockpile sale proceeds to be ploughed back into the stockpile.

But the study did urge the stockpile be made more speedily usuable—by such means as converting ore into metals (bauxite into aluminium for instance).

Mr. Weinberger has promised to root out waste and inefficiency in weapons procurement. But even "Cap the Knife," as he was known from earlier government days, will not find that easy.

Mr. Harold Brown, the Carter defence chief, said the other day that for all his best efforts he probably only trimmed $1.5bn in waste from the defence budget in his best year.

Because of its highly specialised nature, it may be an insoluble anomaly that defence is about the only sector where the same contractor is hired to design and produce a product.

But the congressional report believes the Government could, and should, do away with a major anomaly of its own making. This is the restraints on "multi-year contracts," which would allow defence contractors to go out and buy all they need to fulfil an order spread over a number of years.

At present this sensible way of doing business is confined to a tiny number of contracts. The Government usually requires that in an order for, say, 500 aircraft the contractor can only buy in any one year enough material to build 100 of them in that year.

However, companies at present baulk at what few multi-year contracts Washington offers them because the maximum cancellation fee for which the Government is liable on such deals is $50m.

This financial ceiling should be scrapped or raised, according to Congressional officials, who say it is nonsensically low on billion-dollar contracts.

UK NEWS

Reserves in Forties Field higher than expected

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM has added about 200m barrels to the estimated recoverable oil reserves of the important Forties Field, in the North Sea.

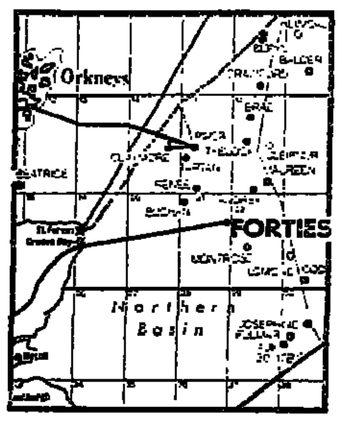
The increase—the equivalent of a new commercial field—brings Forties reserves to 2bn barrels, about the same as in Shell/Esso's Brent Field which up to now has been regarded as the UK's biggest oil field.

BP said that the new estimate resulted from a reappraisal of the field's reservoir as part of a regular monitoring process. It was now thought that the total amount of oil originally in place was 4.6bn barrels. The recovery rate, of 43.5 per cent is well above the worldwide average.

The field, lying 110 miles north-east of Aberdeen, is the most prolific producer in the North Sea. Since production started in 1975 its flow rate has averaged 500,000 barrels a day—almost one-third of current UK output from the North Sea.

Under the original development plans, BP had expected output to level out at 400,000 b/d, but in 1976 the production rate was increased as a result of the field's good producing qualities.

BP, the field's operator, holds a 96.05 per cent interest in the concession. Shell and Esso hold the remaining 3.95 per cent stake in equal shares.



The field, which is being exploited through four steel production platforms, has cost some £1bn to develop. Further work is expected to be undertaken to appraise and exploit reserves in the south-east corner of the field.

Forties is also expected to be used as an oil gathering and transport centre for nearby fields. Offshore operators have already decided to link the Brae Field to Forties so that Brae's oil can be transported by pipeline to Sullom Voe in the Shetland Islands.

Similarly, oil from the nearby Andrew Field and the Toni/Tiffany/Thelma complex of fields might be transported via Forties.

Martin Dickson writes: Exploration activity in the UK sector of the North Sea showed only a marginal increase in the final quarter of 1980, according to an index compiled by Gaffney, Cline and Associates, the international oil advisers.

"The expected upturn in exploration activity has not yet materialised and with the winter season now upon us there seems little hope of a real upturn until at least the second quarter of 1981," said Mr. Ben Cline, senior partner.

However, the success ratio achieved during 1980 was more than one discovery for every nine wells drilled—better than the world average. More wells of all types—for exploration, appraisal of the extent of oilfields and their development—were drilled in 1980 than in any year except 1977.

● Esso Petroleum is to provide £95,000 for research into the effectiveness of oil spill dispersants. The Field Studies Council will get £39,000 and the remainder will go to the Department of Industrial Studies at Liverpool University.

Port of London aid to be reviewed

By William Hall, Shipping Correspondent

THE GOVERNMENT is considering giving further financial help to the Port of London Authority (PLA), which lost £15m last year and has been hit hard by the recession.

The PLA has told the Government it needs more than the £70m of financial assistance offered by the Government in December 1979.

Although the PLA cut its workforce by nearly a third last year, its trade slumped. Conventional cargo traffic fell 40 per cent and container traffic 30 per cent.

The Government has appointed accountants Price Waterhouse to investigate the PLA's 1981 cash requirement and review the strategic plan up to 1983.

The review team will consider the PLA's request for a capital reconstruction and its commitment to keep open the last of the upriver docks, the Royal Docks.

Mr. John Powell dies at 56

MR. JOHN POWELL, engineer-in-chief of Cable and Wireless and president of the Institution of Electronic and Radio Engineers, has died at 56.

Mr. Powell, who joined Cable and Wireless in 1946 after serving as a radio officer in the merchant navy, worked on several advanced development projects and helped in the 1950s to design the first transatlantic submarine cable.

Districts to handle planning applications

CHANGES TO the system of planning application decisions came into force yesterday, giving district councils responsibility for development control.

Districts will handle all planning applications but those listed as "county matters"—mineral and related development, waste disposal in England and developments straddling the boundary of a National Park.

Districts must continue to consult the county, however, when a development would have important implications for the structure plan, prepared by the county council.

New life business quietens after two years of steady growth

BY ERIC SHORT

THE UK LIFE assurance industry had a much quieter year in 1980 for new life and pensions business after two years of steady growth.

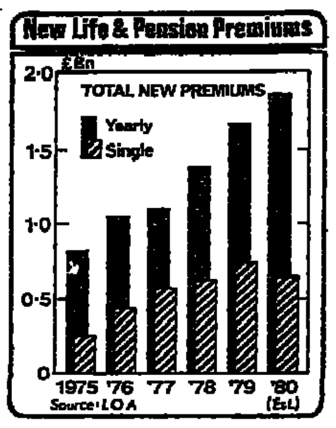
Figures issued yesterday by the life company associations showed that new annual premiums rose by 16 per cent from £1.6bn in 1979 to £1.86bn. Single premiums business, however, declined marginally from £662m to £658m.

Annual premiums rose by 20 per cent in 1979 and single premiums by a similar amount, while in the year before annual premiums were up by 26 per cent and single premiums by nearly 9 per cent.

New sums assured written last year were 17 per cent higher at £59.9bn, against £51bn, and new annuities 10 per cent more at £1.78bn compared with £1.61bn.

However, these preliminary figures do not show the wide variation in life business written by individual life companies.

Last year was greatly influenced by the dull house purchase market and the static situation in the company pensions field. Many life companies are heavily committed to these two sectors for their new business. They expected poor figures compared with 1978 and 1979 when pensions and mortgages were buoyant, and by and large this was the case.



The Norwich Union, a leading mutual life company, reported new annual premiums rising by less than 2 per cent from £63m to £64m, with UK business down by 2 per cent from £51.6m to £50.6m.

In contrast the Prudential, the largest life company in the UK, recorded a 10 per cent rise in UK annual premiums to £45m for its ordinary life business.

The main feature last year for new life business was the increased sales reported by companies selling direct to the public. Those relying heavily on insurance brokers had poorer results. Brokers do not seem to have increased their share of the market last year.

The success of direct selling has come not only from the linked-life companies, whose new business after nine months was one-third higher.

Industrial life business sold by agents collecting premiums from the homes of policyholders showed a 17 per cent premium growth, from £179.6m to £211m in 1980. Ordinary business sold by these companies was about 8 per cent higher.

This experience last year is likely to pose a problem for life companies relying heavily on insurance brokers. Life companies need to expand their business at least in line with inflation to pay the rising expenses of administration. Only the direct selling life companies appear to be doing this.

Schreiber to shut furniture plant

BY JAMES McDONALD

SCHREIBER—part of the GEC group and the biggest UK furniture manufacturer—is to close a Manchester factory at the end of March with the loss of about 400 jobs, nearly 15 per cent of the company's furniture workforce.

The company yesterday blamed overcapacity in the industry for the closure of the Trafford Park factory, which makes bedroom furniture and is one of six big Schreiber plants in Britain.

The factory employs 475 people but the company hopes to transfer up to 80 workers to its Runcorn factory.

Mr. D. H. Thomas, deputy managing director, said Schreiber, had been operating work-sharing for some months and there had been some redundancies. Work-sharing would continue after Trafford Park closed but there should be no more factory closures.

He hoped for an upturn in trade "by the end of this year or early next year."

GEC results for the six months to end-September, 1980, showed last month that profits from its consumer products division — which includes Schreiber furniture and Hotpoint domestic appliances — were more than 70 per cent down on the same period of 1979 at £3m, although sales were scarcely charged at £139m.

Manchester Canal to shed 300 jobs

BY RHYS DAVID

THE Manchester Ship Canal is to make about 300 people redundant because of a severe fall-off in trade, due partly to a switch in traffic towards the East Coast ports trading with the Continent.

The cut is about 10 per cent of its total workforce

The canal company is also heavily dependent on oil traffic, which has fallen as a result of the recession and the move to alternative fuels, and has been finding it increasingly difficult to hold on to its container business. The bigger vessels now in favour are unable to navigate the 36-mile stretch from the Mersey to Manchester.

The company — which appointed a new managing director, Mr. Julian Taylor, in the autumn—reported an operating loss of £341,000 in the half-year to the end of June, 1980. However, this was largely offset by investment income and land sales, leaving pre-tax profits of £356,000.

Fisons drug tested on 1,000 people

By Martin Dickson

FISONS yesterday said its new anti-allergy drug, which it is abandoning for safety reasons, has been given to more than 1,000 people on trials around the world.

The announcement came as the company's shares continued their fall.

Dr. Derek Quantock, director of research and development in the company's pharmaceuticals division, said the risk to the health of people involved in the tests was very low.

On Monday Fisons said it was abandoning plans to market Proxicromil — the most promising drug in its pharmaceutical laboratories. It was to have been launched in September for the treatment of asthma.

Fisons shares fell 33p on Monday and a further 17p in a thin market yesterday, closing at 138p.

Dr. Quantock said trials had been conducted in Australia, the Far East, Chile, Canada and most of Europe, including the UK. Some patients had received the drug for one year but the majority for far less. All the trials had been stopped.

The nature of the risk had been revealed by tests on rats and hamsters, but would not be disclosed until patients had been informed by their doctors. Otherwise they might be concerned.

Dr. Quantock said it would be very difficult to detail the risk until the results of animal studies were fully analysed. "I believe the risk to be very low, but we have to err on the side of caution."

Work on the drug started six years ago and has cost about £12m. It was widely regarded as a successor to Intal, the anti-asthma prophylactic which established Fisons as a force in pharmaceutical research.

Intal has been highly successful around the world, but Fisons' patents on it will expire soon.

Abandonment of Proxicromil comes just a week after Fisons announced it was axing 1,100 jobs in its fertiliser division —about 25 per cent of the workforce — in a "fundamental restructuring" to improve its financial performance.

Lloyd's attempts to curb conflict on fraudulent claims

BY JOHN MOORE

LLOYD'S of London, the insurance market, is attempting to prevent open disagreement among its members about the issue of settling fraudulent claims.

The Lloyd's ruling authorities fear the matter may be raised during the passage of a parliamentary Bill for improving self-regulation at Lloyd's.

Mr. Peter Green, Lloyd's chairman, has urged that associations representing underwriters and brokers should contact him if individual members of Lloyd's approach MPs. "Only in this way can we attempt to meet the points and ensure that Parliament sees Lloyd's as speaking with one voice," he said.

Lloyd's has faced criticism that underwriters settle claims which they know to be fraudulent. Mr. Green said last October: "Frequently, underwriters suspect a claim is a fraud but the evidence to convince a court is not to be found."

Many underwriting members, who do not work at Lloyd's but who commit their wealth to allow the market to function, argue that formal procedures should be introduced to deal with suspect claims.

Another area in which Mr. Green has told underwriters and brokers there is likely to be controversy in Parliament is the issue of divestment. Sir Henry Fisher, who studied self-regulation at Lloyd's, recommended that brokers should divest themselves of the right to manage underwriting syndicates because of conflicts of interest.

Most brokers are against this because of its adverse commercial implications. But some underwriting members of Lloyd's argue that the recommendation should be incorporated in the Bill.

Exxon's name an original literary work, court told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

EXXON Corporation, the oil multinational yesterday made a novel attempt in the High Court to extend its legal rights over its name.

It claimed the word "Exxon" was an "original literary work" that could be protected under copyright law.

Mr. Vivian Price, QC, for the corporation, told Mr. Justice Graham that "Exxon" was invented when U.S. anti-trust legislation required the Standard Oil Company of New Jersey to find a new name.

The company needed a name that was readily identifiable, distinctive and easily memorised, and devoid of meaning in any language in any country where the company operated.

"The effort that went into devising this word 'Exxon' is overwhelming," said Mr. Price. "That they ever found such a word is truly remarkable, so it is not remarkable that they should seek to assert literary copyright in respect of such a creation."

The word was undoubtedly "original," and undeniably a "work" under the Copyright Act, being the product of very considerable intellectual industry and expense.

It was "literary" in the sense that it satisfied the criterion of being "capable of being expressed in print or writing, irrespective of whether it has any excellence or quality or style of writing," Mr. Price argued.

He suggested that, as a literary work, "Exxon" compared favourably with some of the "trivial" advertising slogans and jargon with copyright protection.

The corporation is seeking injunctions against passing-off and infringement of copyright against an unassociated UK company using the name Exxon.

The hearing continues today.

Recession near bottom, Scots survey shows

By Ray Perman, Scottish Correspondent

FURTHER signs that the recession is reaching its bottom in Scotland are contained in a quarterly survey of business trends released yesterday by the Glasgow Chamber of Commerce.

Banks and the engineering sector have already indicated that the fall in manufacturing production seems to be levelling out and the chamber's survey results support this view.

Export sales and orders have improved slightly since the last survey in September 1980 and performance in the home market is holding up, albeit at a level lower than 12 months ago.

But there is little sign of a recovery in industrial activity. More than half of the companies surveyed reported production below a satisfactory level and 45 per cent said they were continuing to reduce stocks.

Only 7 per cent were increasing employment and only 10 per cent were considering new investment in plant and machinery. The squeeze on profits was likely to continue in the view of more than half of the companies surveyed.

Sunday gaming ban challenged by Ladbroke

A SUNDAY gaming ban on a Knightsbridge, London, casino premises was challenged by a Ladbroke Company in the High Court yesterday. The embargo was imposed as a condition to renewed planning consent won by Ladbroke (Rentals) after an appeal to the Environment Secretary.

Ladbroke's could not operate the premises as a gaming casino because it no longer had the necessary gaming board certificate, said Mr. Raymond Sears, QC, for the company. But a lot of money had been spent fitting out the premises, which formed part of the Park Tower Hotel, and the company wanted to transfer the business to another gaming operator.

The Sunday gaming ban could affect such a sale.

A condition attached to the renewed planning consent for a casino allowed gaming to continue until 2 a.m. on weekdays, but said it should stop at midnight on a Saturday—the busiest night of the week in a busy tourist area.

Ladbroke (Rentals), which holds a lease on the casino premises, is asking the judge to quash the Sunday ban or direct the Environment Secretary to take another look at the issue.

The hearing continues today.

John Elliott reviews the chances for intervention

Ministerial reshuffle offers relief to Sir Keith

IMPROBABLE THOUGH it may seem Sir Keith Joseph's life as the Government's agonising Secretary of State for Industry may have been made a little easier by last week's ministerial reshuffle.

This is because he was given two Ministers of State, Mr. Norman Tebbit and Mr. Kenneth Baker, with strong views which should equip them curiously well for their new jobs at a time the Government is beginning to accept the need for more intervention in industry.

Mr. Tebbit is in charge of the Government's troublesome lame ducks like British Steel and BL. A staunch and outspoken Right-winger with a reputation as a tough Commons Dispatchbox performer he can be expected to agonise as long and hard as Sir Keith about the immense sums of State money these industries need, and to stand by decisions reached.

Mr. Baker is a popular backbencher who believes in State intervention and who has firm views on how Britain's information-technology industries ought to be developed.

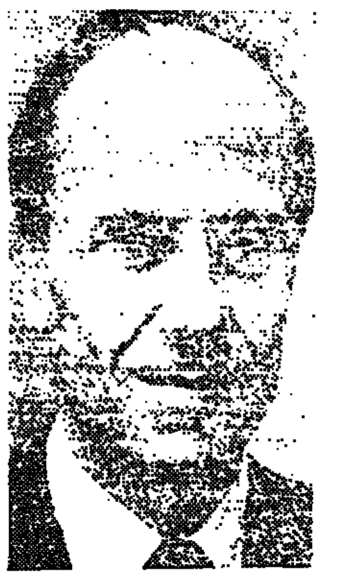
This is an area of State intervention in which the Prime Minister has also become interested, in spite of a continuing lack of faith in the ability of civil servants to "pick winners." Mr. Baker may therefore be able to encourage Sir Keith to accept forms of intervention and State spending that would otherwise be resisted, although he will have to grapple urgently with the problems of ICL also.

Mr. Tebbit and Mr. Baker succeed two Ministers who had less well-defined views. One was Lord Trenchard. A former senior Unilever executive who believed passionately in British industry and who often seemed horrified at damage done by the Government's economic policies, he has been transferred to the Ministry of Defence.

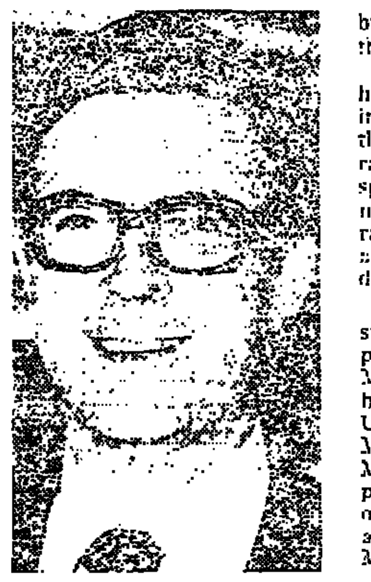
The other was Mr. Adam Butler, transferred to the Northern Ireland Office in an attempt to boost the industrial experience of the Ulster ministerial team. At the Industry Department he was responsible for the "lame duck" industries and was starting to develop an overall information-technology policy—although there were few signs of any great certainty about what should be done.

Mr. Baker, who recently was chairman of the Tory Industry Committee and has experience of computer industries, starts from a more positive background. His main job will be to develop an information-technology policy although he will have far less aid to dispense than was available in competitor countries such as the U.S., France and Japan.

Yesterday the Industry Department announced that this area of his work will also cover telecommunications, computer systems, micro-electronic applications, robotics, the information-technology aspects of space, the Post Office including British Telecom, Cable and Wireless, and the public-purchasing policy being developed by Ministers.



Norman Tebbit: tough



Kenneth Baker: popular

To balance this clutch of growth industries in which the Government is generally willing to intervene and assist he is also in charge of more troubled private-sector areas including textiles, leather and footwear, chemicals, mechanical and electrical engineering, paper, timber, minerals and metals.

Mr. Baker has not been allowed, however, to have many purse-strings to loosen with his interventionist zeal, Mr. Tebbitt having been given charge of most of the Industry Department's spending.

Mr. Tebbit will be responsible for providing aid to industry for regional projects, research and development, and inward investment schemes. He will also have overall charge of the general aid provisions of section 8 of the Industry Act, 1972.

In addition he will be responsible for other expensive State-aided industries such as British Steel, British Shipbuilders, British Aerospace and the National Enterprise Board.

Mrs. Thatcher and Sir Keith have therefore put a non-interventionist in charge of those areas where they would rather not be intervening and spending State funds. This does not mean that the aid will stop: rather that Sir Keith will have an ally at hand when the demands for support roll in.

Sir Keith is keeping his special interest in small companies and will be assisted by Mr. John MacGregor who has been made Parliamentary Under-Secretary of State. Mr. MacGregor succeeds Mr. David Mitchell, who built a high reputation as a doughty lobbyist on behalf of small companies and who moved to Belfast with Mr. Butler.

The other Parliamentary Under-Secretary, Mr. Michael Marshall, remains in his old job with special responsibilities for privatisation of State industries, space matters and implementing the Finniston Report.

When the new appointments were first announced they were overshadowed by the more dramatic aspects of the Cabinet reshuffle. The initial reaction was that Sir Keith's life would be made more difficult because he constantly would be pulled in two directions at once by the widely differing views of Mr. Tebbit and Mr. Baker.

There are, of course, likely to be some tough tussles between the two men on individual issues because no major decision is taken in isolation by a Minister. But the way that their main responsibilities have been allocated reflect a political and industrial logic which should take some of the burden off Sir Keith's shoulders if he is prepared to delegate some of his problems.

Sir Keith has frequently been criticised in the past 18 months for the way he has worried endlessly about providing aid for industry and has often paid up. Recently public criticisms of his style have increased as the recession has deepened and industrial problems have grown. But what the critics have ignored is the political advantage of the style.

His endless agonising may infuriate civil servants who would rather work with a more clear-cut and decisive Secretary of State. But it has served to silence most backbench Conservative MPs who would rather have no intervention in industry at all but who are prepared to go along with much of what Sir Keith is ultimately persuaded is necessary.

Mrs. Thatcher may not have analysed all these factors in detail before she made the appointments. Nevertheless, the way things have turned out Sir Keith has a new chance to use both his Ministers of State to develop a more cogent and open industrial policy than he has been prepared to forsee up to now.

UK NEWS

Japan's share of car market rising

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANOTHER big jump in the Japanese share of the UK new car market is embarrassing the manufacturers as they prepare for the next round of industry-to-industry talks.

Delegations from the British and Japanese industries will meet on February 3 and 4 in Lisbon, Portugal.

The Japanese performance in January will have a considerable impact on the attitude of the British. In the first 10 days of January the Japanese importers accounted for 15 per cent of total sales.

Some of their competitors suggest there are so many cars waiting to be registered that the Japanese share could reach 20 per cent by the end of the month.

However, the Japanese car importers say the January jump is because some companies are holding back in December to reduce the overall Japanese penetration in 1980.

They also maintain that stocks of unsold Japanese cars in the UK have hardly ever been so low.

The UK Society of Motor Manufacturers and Traders is apparently still undecided about whether to urge its Japanese counterpart, the Japanese Automobile Manufacturers' Association, to compensate this year for over-shooting the expected market share in 1980 when it reached 11.9 per cent against the 10-11 per cent looked for.

There have been some indications that the Japanese might cut back their penetration in 1981 to make up for missing the mark last year.

In the industry talks last September, the Japanese agreed that they would continue in 1981 to take a "prudent" view of the British market. This is the sixth year that they have undertaken voluntarily to restrict car shipments to the UK.

At the September meeting, the Japanese also gave a significant new undertaking to use "prudence" in their approach to each individual segment of the commercial vehicle market in Britain. There had been some concern in the UK industry about the way shipments had been concentrated in the heavier van markets.

The talks next month will be bound to return to this topic because the Japanese share of British light commercial vehicle sales, only 2.5 per cent in 1975 when car restrictions started, reached 12.7 per cent in 1980.

Average 5·9% cut in Lancia prices

By Kenneth Gooding, Motor Industry Correspondent

LANCIA, the Fiat subsidiary, is cutting the price of the cars it sells in the UK by an average 5.9 per cent from today.

A month ago Fiat cars were reduced by 10 per cent as part of a long-term restructuring of prices to improve the group's competitiveness.

Fiat clearly believes price-cutting will revive its flagging fortunes in the UK where, last year, combined sales of Fiat and Lancia fell from 79,577 to 51,299 and Fiat Auto's market share slipped from 4.64 to 3.39 per cent.

For 1981 the target for Fiat sales is 60,000 (compared with 45,267 last year) and for Lancia 11,000 (from 6,032). The total of 71,000 would give Fiat Auto about 5 per cent of the 1.42m new car sales predicted for this year in the UK.

Lancia prices will now range from £4,995 for the Delta—a reduction of £365 or 4.1 per cent—to £9,950 for the Gamma Coupe, down £550 or 5.2 per cent.

Announcing the new price structure yesterday Mr. Giuliano Lonardi, managing director of Fiat Auto (UK), said: "Clearly the same economic conditions that enabled us to alter prices of Fiat models apply to the Lancia range.

"The average reduction is less but this reflects the fact that Lancia prices were successfully held during most of last year.

"This is not a short-term action. We are passing on to the UK buyer the benefits of both improved productivity levels in our factories and the current international financial climate," he said.

"The positive reaction from the public that we have seen following last month's announcement about Fiat cars confirms our view that it is more helpful to the buyer to show a highly competitive showroom price, than depend on confusing discount schemes now so prevalent."

● Porsche Cars Great Britain had a record year in 1980, delivering 2,198 of the West German-built cars compared with 2,041 in 1979. The 7.7 per cent rise in its registrations compared with an 11.7 per cent fall in the UK new car market as a whole. Three new dealerships were appointed, bringing the total to 26.

Further disruption in penniless Lambeth

THE London borough of Lambeth has no money. Now it also has no director of finance—at least temporarily.

After a prolonged debate on Monday night about what to do about the fact that Lambeth, the largest inner London borough, has run out of funds and needs another £11.2m to enable it to pay its way to the end of the financial year, the council went into private session. There it suspended its director of finance, Mr. Jack Halligan.

The council emphasised yesterday that the suspension was temporary and had nothing to do with Lambeth's current difficulties. But there is no doubt that some members of the council have been unhappy about thinly veiled suggestions to them by Mr. Halligan that the council cannot continue its upward expenditure and growth patterns without running into trouble.

Mr. Halligan should have retired last year and was asked by the council to stay on for two years, until the 1982 London borough elections.

A statement by the council yesterday said he had been temporarily relieved of his duties for a reason which "concerns a matter of corporate management."

Robin Pauley examines the finances of the turbulent inner London borough which this week suspended a key officer

It went on: "There is no suggestion whatsoever of any impropriety in the management of the council's finances. This will not be an issue at an inquiry which is to be held. Nor is the matter related directly to the current financial problems which face Lambeth and other local authorities."

Undoubtedly, the key word in that statement is "directly." Lambeth was refusing all further comment yesterday but the problem is understood to be a serious disagreement between Mr. Halligan and his chief executive. The subject is thought to be budget strategy, which is fairly closely related to the council's current spending difficulties.

The disagreement is probably about the way in which advice and projections are being formulated and presented, and the extent to which an officer can attempt to exert influence over the political members.

It explains why Paper 120—"Budget Strategy 1981-82 and 1980-81"—was suddenly withdrawn from a meeting of the council's policy and resources committees on January 6.

The inquiry into the "charges" will be heard as speedily as possible. Meanwhile Mr. Halligan's deputy, Mr. Alan Hicks, has taken over at the most crucial time in any council's financial year.

He has to cope with the collection of the supplementary rate demands which the council agreed to make on Monday night. This means an extra bill of 20p in the pound on all commercial and domestic rate bills. It is payable as soon as the demand drops through the letterbox but is not likely to be paid that quickly.

January is not a month in which many people have much spare cash—the average amount payable under the supplementary rate for domestic ratepayers will be £50.

There is also a good deal of resentment in the borough about the supplementary rate when the rate bills for this year were in any case so high. A number of ratepayers, domestic and industrial and commercial, are likely to wait, perhaps until the financial year end, before paying.

Mr. Hicks must also take charge of the budget strategy and calculation of next year's rate rise, based on the decisions the council makes about the amount of money it wants to spend.

Lambeth has decided, in spite of the difficulties it has encountered in meeting its bills this year, to continue its policy of no cuts, maintenance of services and recruitment of more staff during 1981-82.

Mr. Ted Knight, the Marxist full-time council leader, has estimated that a rate increase is required of at least 60p in the pound on the general rate, which was set at 143.9p for this year, and on the domestic rate (125.4p).

The council expects a growth in services of 8.7 per cent in 1981-82. (The Government has requested a reduction of 3.1 per cent compared with 1980-81, which in turn was based on a 2 per cent reduction from 1979-80, all of which Lambeth has failed to meet.)

The council is also thinking of restoring about £5m to its wholly depleted balances next year, as a precaution against any further mishaps. It is also assuming that the cost of servicing its debt will fall, predicting a cut in minimum lending rate to 11 per cent by March, 1982.

If the council's estimated expenditure turns out to be £108.2m (as predicted in the withdrawn budget strategy paper), that would be £37m above the Government's assessment of what Lambeth needs to spend (including a 10 per cent tolerance threshold).

Nevertheless, because the new block grant system of distributing money to councils works in Lambeth's favour, the council would still get £44m in grant compared with £47.3m if spending is at the Government's "approved" figure.

Vigorous protests about next year's rate level are expected from some ratepayers, but Lambeth is a borough where opposition to the council is difficult to mount. It has an almost in-built Labour majority, and a very small percentage of the rate income is provided by domestic ratepayers paying the full rate—the rest comes from commercial and industrial ratepayers or from domestic ratepayers cushioned by rate rebates.

British Air Ferries to buy Viscounts from BA

BY LYNTON McLAIN

BRITISH Air Ferries, the independent aircraft leasing company, plans to buy six Viscount airliners from British Airways to bring its fleet to 22 aircraft.

The aircraft are to be sold for an undisclosed sum by British Airways as part of its drive to raise cash for day-to-day operating costs.

The sale of the Viscounts will also help pay for more fuel-efficient replacements for the BA fleet.

The six Viscounts are expected to be used overseas, mainly in North Africa, where British Air Ferries has bases in Egypt, Libya and Algeria. Most of the aircraft are leased by companies operating in oil-related industries.

Mr. Mike Keegan, chairman and chief executive of the airline, said the oil-related work had continued to expand, and the 14 Herald aircraft used for passengers and freight were "fully committed."

However, British Air Ferries also operated two Hawker Siddeley HS 125 executive jet aircraft from Southend, Essex, for which demand was "poor to negligible." Mr. Keegan said the company wanted to sell them as soon as possible.

The Viscounts have only about three years' total flying time left, and British Air Ferries will need "something bigger and quicker in two or three years' time."

One option was the British Aerospace 146 feeder airliner, which is expected to make its maiden flight this year. However, Mr. Keegan said he did not have the resources to buy the aircraft at the moment.

Hesketh motorcycle to be launched in April

BY JOHN GRIFFITHS

HESKETH MOTOR CYCLES, the venture founded by Lord Alexander Hesketh and which raised £1.3m in the unlisted securities market last September, is to launch its 1,000 cc "superbike" at the Motor Cycle Show being held from April 18 at the National Exhibition Centre, Birmingham.

Orders taken at the show are likely to be delivered in July. The company will move into its new 25,000 sq ft factory at Daventry early next month, with series production getting under way in April.

Lord Hesketh said yesterday, the machines will be initially built by a workforce of about 40, with production building up over 18-months to the target rate of 2,000 a year.

The motor cycle, called the Hesketh V 1000, is undergoing minor styling modifications.

Lord Hesketh said with the exception of some minor components which may be changed in the final specification, all sub-contracts have been let to UK companies.

These include components for the British-designed engine, which will be assembled at Daventry.

The group is in the middle of a nationwide drive to obtain dealerships, but Lord Hesketh was reticent about the size of network which he hopes to establish.

In the meantime, he said he was not concerned by the slide in Hesketh's share price since 1.8m of the 50p shares—63 per cent of the total equity—were sold at 80p last September. Yesterday they stood at 60p.

"We are not at all surprised, since at the moment we are not earning. Only if they are still standing at 60p after the first 12 months will I be disappointed." At the time of its issue, Hesketh said it could expect to make £250,000 profit a year even on 1,000 sales—half the target level.

Plea to raise death grant renewed

By Carol Lamb

AGE CONCERN yesterday continued its campaign for an increase in the death grant, conducted through the 1970s, with publication of a discussion paper.

In it the charity calls on the Government to raise the grant from £30 to £194. This, it says, would be in line with inflation since the last increase in 1967. However, this would not cover the expense of even a modest funeral, which now costs about £392.

The campaign will be highlighted next Tuesday by presentation of a petition to the Prime Minister by the Dignity in Death Alliance, a group of 40 national organisations dedicated to introducing "a reasonable non-contributory death grant."

Beyond our means—the rise and fall of the Death Grant, by Ian Kendall, £1. Age Concern England, 60, Pitcairn Road, Mitcham, Surrey.

Plessey junior managers deny fraud charges

THREE junior managers at Plessey Telecommunications played "ducks and drakes" with the accounts to extract tens of thousands of pounds from the company, Liverpool Crown Court heard yesterday.

Plessey Telecommunications paid uncommercial and absurdly high prices for goods and services it never received, said Mr. David Savill, QC, prosecuting. The three spread a "rottenness" through the company's plant at Edge Lane, Liverpool, which cost it a great deal of money.

The cash was allegedly paid to two companies, Corncroft Engineering (Kingsway), of Heath Road, Widnes, Cheshire, and Anglo-Saxon Engineering (Merseyside), of Birkenhead.

The three Plessey employees were Mr. John Parker, manager of the plant department's fitting and services section, Mr. Norman Mackie, purchasing officer in the plant department, and Mr. John Davies, an accounts manager who retired in August 1977 and died the following February.

Their confederates were allegedly Mr. Ronald Wilkinson, owner of Anglo-Saxon, and Mr. John Cahill, the deceased managing director of Corncroft.

Mr. Parker and Mr. Mackie, both of Allerton, Liverpool, deny conspiring with two people now dead and others to defraud Plessey Telecommunications between December 1975 and August 1977. They also pleaded not guilty with Mr. Wilkinson, of Rock Ferry, Merseyside, to conspiring between January and September 1977 with Mr. John Davies and others to defraud the company.

Mr. Savill said that between December 1975 and August 1977 Plessey Telecommunications paid just over £97,000 to Corncroft and between February and September 1977 paid £35,500 to Anglo-Saxon Engineering.

The hearing continues.

NUPE ban on youths scheme criticised

By Robin Reeves, Welsh Correspondent

MR. GEORGE WRIGHT, the Wales TUC general secretary, yesterday attacked a decision by the National Union of Public Employees in Wales to withdraw co-operation from the Manpower Services Commission's youth opportunities programme.

He described the move as regrettable and called for an urgent meeting with local NUPE officials to discuss the action.

Job-creation projects in the public sector are subject to union consultation and NUPE leaders in Wales now feel the scheme is being exploited by local authorities and other public bodies to replace jobs which should be done by NUPE members. It wants its ban extended to the whole of Britain.

The decision was also strongly criticised by Lord Gowrie, the junior Employment Minister. Speaking in Swansea he said the youth opportunities programmes were essential to give youngsters experience of work.

Vauxhall to warn of job cuts

BY PHILIP BASSETT AND NICK GARNETT

VAUXALL MOTORS management will meet senior union officials and shop stewards from its three plants today and is expected to announce large-scale job cuts and call for voluntary redundancies.

The meeting is one of a series of six-monthly company reviews. But it is thought the company may tell the unions of plans to shed a large number of jobs—figures of between 1,700 and up to 6,000 have been mentioned—at its plants at Luton and Ellesmere Port.

Mr. Ferdinand Beickler, Vauxhall president and managing director, will attend the meeting, but national level officials of the company's unions will not be present.

Mr. Beickler said in the autumn that he could not rule out redundancies if the market stayed depressed and interest rates remained high.

Unlike other motor manufacturers, Vauxhall has so far managed to avoid redundancies. About 700 mainly white-collar staff did, however, take advantage of an early retirement scheme at the end of last year.

The company is working short-time. At the Ellesmere Port plant, which employs about 8,700, one weekly shift in two is worked by manual workers. The plant produces the Chevette and Chevanne.

At Luton, the Cavalier and Carlton assembly lines are working only on Thursdays, and the Bedford medium van lines are on a four-day week. The press shops are still working normally. The plant employs about 15,000.

Different sections of the Dunstable truck plant, which employs about 5,500 staff, are working two- or four-day weeks.

Vauxhall announced in November a net loss of £7.639m in the first half of 1980.

• Further mass meetings of Ford manual workers yesterday again showed sizeable majorities in favour of the company's 9.5 per cent pay offer.

Some day shifts at Langley, Dagenham, Leamington and Aveley, together with night shifts at the Dagenham body and assembly plants and at Belfast and Dunton accepted the offer.

By the start of shifts last night, 20-25,000 of the 57,000 labour force had voted, and with big majorities in favour of the offer at most plants. Voting at the Halewood body and assembly plants on Merseyside is not expected until next Monday.

Mr. Ron Todd, senior union negotiator and Transport and General Workers Union national organiser, said yesterday the workforce was not "over the moon" with the offer but that the votes reflected what the shopfloor believed to be realistic in the present economic climate.

He said the union side would wait until all the plants had voted before approaching the company to sign a new agreement which is to run from November 24.

Actors' dispute may black out BBC TV

SOME BBC television programmes could be blacked out andradio programmes cancelled if talks aimed at a new pay deal for actors and actresses break down this week. Artists are likely to press for industrial action if the BBC fails to improve on an offer of about 8 per cent more on their payments.

Equity, the actors' union, says that unless the BBC starts to bridge the widening pay gap with ITV for artists' fees, it sees little hope of avoiding a showdown.

Talks on a new pay deal for actors started at the beginning of December. They resume on Thursday in what Equity described as "an extremely delicate state."

The union has sent a statement to its 26,000 members saying: "Negotiations have now reached a crucial point. The BBC has made an offer which the Equity council believes to be entirely unacceptable."

The BBC pays £125 minimum for a week's work, including rehearsals and recordings. ITV were paying £185 for the same job under their old agreement. But under a new 15 per cent pay increase which Equity has just accepted, ITV will now be paying £215 for the same work. The union wants to narrow this gap between the pay of the two broadcasting authorities.

The offer from the BBC would put little more than £10 on the basic wage in the new agreement, which takes effect at the end of this month.

The union is furious that out of its annual income of £500m., the BBC spends only £7.5m on payments to all artists, from international stars to "walk-ons."

While recognising that the BBC is facing economic problems, the union says the BBC still spends massively on imported films and bids vast amounts against ITV for sporting events.

Labour bar on union delegates condemned

By John Lloyd, Labour Correspondent

THE Electrical and Plumbing Trades Union condemned as "unprecedented interference" Monday's decision by the Labour Party's organisation committee to freeze membership of Bermondsey Constituency Labour Party, to which the union had tried to affiliate delegates.

No decision on further action by the union will be taken until the party's national executive, which must ratify organisation committee decisions, meets at the end of this month.

However, the union was angered by what it sees as a discriminatory decision by the committee

The decision by the Left-dominated organisation committee to freeze Bermondsey's membership followed a complaint from the constituency party, also Left-dominated, that the EPTU had tried to affiliate delegates without consulting its local branches.

The Right-dominated EPTU said last night that in ignoring advice from the party's national agent the organisation committee risked opening a wide gulf between unions and local parties.

Clearing banks face 15% claim

BY NICK GARNETT, LABOUR STAFF

A CLAIM for pay increases of 15 per cent for clerical grades one to four in the English clearing banks was submitted yesterday by the Clearing Bank Union.

The claim is across the board but the union, which represents more than 90,000 staff in the three banks in which it is recognised, is seeking an unspecified increase of more than 15 per cent in the maximum pay ceiling for grade four.

The rival Banking, Insurance and Finance Union has submitted a general 20 per cent claim but is seeking rises of 24 per cent in the minimum entitlement for staff in grades one and two at the age of 21.

The clearers, who are due to settle in April, will attempt to secure a settlement in single figures. Some if not all bank chairmen are anxious not to settle as high as 10 per cent.

Both unions have warned them though that they must settle in double figures.

The negotiations will be a test of the unions' ability to persuade the banks that they will have to do this.

The English clearers are due to respond to the claims at the end of this month. An indication of the size of their initial offer might be revealed by the response two days earlier of the Trustee Savings Banks to the BIFU claim on behalf of TSB staff.

Model deal on new technology published

BY OUR LABOUR STAFF

A NEW BOOKLET on microtechnology, which includes guidelines on the kind of agreements banks and insurance union officials should be seeking on new technology, was published yesterday by the Banking, Insurance and Finance Union.

The 32-page booklet gives details of a model new technology agreement the union would like to sign with all the companies it deals with, guidelines on the use and specification of visual display units (VDU) and a sample "assessment form."

The forms would be used in monitoring changes in offices and giving national union officials information on developments.

The booklet, which lays down the broad strategy, is partly the product of annual conference decisions and the work of the union's microtechnology committee.

The union is worried about the implications of new machinery, particularly the possible repercussions on jobs in the next two decades.

BIFU has signed a VDU-use agreement with Williams and Glyn's and the model new technology agreement has been sent to that bank and to the Midland and the Bankers Automated Clearing Services.

The model agreement on new technology includes a union acceptance that the most effective available systems should be adopted but with the aim of providing better job opportunities, higher salaries and reduced working hours as well as a more efficient and profitable banking service.

It includes clauses involving mutual management-union agreement before the introduction of new equipment, negotiations on manpower and workloads, the supply of all relevant information to the union and recognition by management of BIFU technology committees to monitor agreements.

The model agreement also includes objectives agreed by the union's annual conference—progress towards a 28-hour four-day week, minimum five weeks' holiday and voluntary retirement at age 55.

Mr. Leif Mills, the union's general secretary, said yesterday: "We must accept that the proper introduction and operation of microtechnology is essential for our economic survival and for the future prosperity of our industry and its service to customers.

Ambulance strike will end today

By John Lloyd, Labour Correspondent

AMBULANCEMEN in South Yorkshire will return to work today after a strike, which has meant an emergency-only service for 10 days.

A meeting of shop stewards from the National Union of Public Employees—the main union for the 400 ambulancemen—voted in Rotherham last night to end the action, after the Trent Regional Health Authority promised immediate negotiations on a new bonus scheme.

The stewards accepted the authority's offer to pay bonuses at a rate of 20 per cent on basic pay while negotiations on the new scheme continue. Under the old scheme, the men were paid at a rate of 27.5 per cent on basic.

During the strike, ambulances were run by senior staff—who had accepted the bonus formula—and Red Cross workers. No reports of neglect arose from the action.

Dunlop plant occupied

Financial Times Reporter

PROCESS WORKERS at the Dunlop factory in Skelmersdale, Lancs, began a sit-in yesterday in protest against a company plan to cut 60 jobs there.

White-collar staff weer locked out by 120 process workers, mainly members of the Transport and General Workers' Union. They say the gates will stay locked until the management agrees to negotiate on the planned redundancies, which they claim are a breach of local agreements.

The factory, opeend in 1966, has been on short time for several months. The workers say no enforced redundancies should be made before April, when a temporary employment subsidy finishes.

Dunlop said the workers had been told last month of the need for redundancies but had refused to enter discussions. As a result, the company had announced plans to apply its own selection process.

The plant employs 450 process workers on a shift system.

TASS concerned at union merger plan

BY OUR LABOUR STAFF

LAWYERS representing TASS, the white-collar section of the engineering workers' union, are seeking assurances from the union's engineering section that it will not implement its agreed constitutional changes because of their impact on the relation between sections over amalgamations.

Sir John Boyd, general secretary of the engineering section of the Amalgamated Union of Engineering Workers, said yesterday that the engineering section's reply would refuse to give the assurances.

The engineering section, with the support of the foundry and construction sections, is attempting in the High Court to contest a decision of the Certification Officer which ruled against full amalgamation of the three sections and the Sheet Metal Workers' Union. Sir John said yesterday that the union was waiting for a date to be set for the hearing.

TASS is keen that the constitutional changes should not be implemented because they would demand resulting changes in the overall four-section federation with which it disagrees. Such changes would affect the present differences over union amalgamation.

One of the most significant of the changes, which has already been agreed by the engineering section's rules revision conference, is to increase the size of the section's policy-making national committee from 52 to 91 lay members.

TASS feels that the enlarged national conference of the amalgamation which would follow an expansion of the engineering section's national committee would force it to receive policy decisions from a mandated national committee.

Sir John said yesterday that many of the changes were already in force. The engineering section yesterday released a 12-page special newspaper on the amalagamation issue, including copies of all the relevant correspondence which has passed between the sections.

The paper states: "No vested interest, political intrigue or personal ambition should be allowed to hinder this unity."

Balloting on amalgamation in the 56,000-strong foundry section, which was due to be completed last month, is now due to close tomorrow although the result is unlikely to be announced until the section's own executive council considers it next week.

Nott pledge sought on defence spending

By Elinor Goodman, Lobby Correspondent

MR. JOHN NOTT, the new Defence Secretary, is to be pressed today for an assurance that he stands by his predecessor's commitment to increasing defence expenditure.

The officiers of the Conservative backbench Defence Committee will make it clear to Mr. Nott at a private meeing that in their view any further cuts would be totall unacceptable to the party, and that he should be prepared to resist Treasury attempts to penalise the Ministry next year for overspending in the current finanacial year.

It is customary in the party for new Ministers to see the officers of the relevant back bench committee. But Mr. Nott's meeting today—which will be followed next week by one with the Prime Minister—comes at a time when the Ministry of Defence is close to making final decisions on next year's programmes.

The Ministry, which has already had to agree to a cut of £200m in its 1981-82 budget, has apparently drawn up two sets of options.

One details the kind of economies which would have to be made if no more than the £200m is deducted. The other sets out far more drastic cuts—including the cancellation of some programmes altogether—which Ministry officials believe would be necessary if the Treasury tried to deduct the entire bill for overspending this year.

Some of the party's defence hawks fear that such cuts, if implemented in full, could mean that defence spending would fall in real terms next year rather than increasing as the Prime Minister has promised. They argue that party morale would be badly hit if major programmes were cancelled, and they believe at least one junior Minister would be prepared to resign if this happened.

At this stage, it is not clear how large the overspend will be. The final figures will not be available until July, but the Ministry should have a good idea by the spring. Rough estimates put the excess at around £400m.

Mr. Francis Pym, at his last question time as Defence Minister, acknowledged that the Ministry would exceed its budget for this financial year but he also made clear his own unhappiness with the operation of rigid cash limits on defence spending.

Though Downing Street has denied that Mr. Pym was moved to make way for a Defence Secretary who would be mere amenable to the Treasury, some Tory backbenchers are still apprehensive about the implications of the change.

Mr. Nott will no doubt try to assuage their fears but the Treasury's view still is that any excess spending this year will have to be recouped next year. This means that if Mr. Nott gives the back benchers the assurances they want, he could find himself on a collision *course with the Treasury.*

Rise in NI contributions attacked

FORMER Tory Treasury Minister **Lord Boyd-Carpenter** yesterday attacked Government plans to increase National Insurance contributions as a "tax on employment."

"A tax on employment is surely at this moment the craziest tax of all," he told the Lords.

He was speaking during debate before Peers gave an unopposed second reading to the Social Security (Contributions) Bill. This raises employees' National Insurance payments to provide an additional yield of about £1,700m next year.

Three Labour MPs say Russian troops are only a reserve force

Call to recognise Afghan Government

BY DAVID HOUSEGO

The visit by the three Labour MPs of Afghanistan was strongly attacked by the Prime Minister in the Commons yesterday.

To Tory cheers Mrs. Thatcher said it was deplorable that the MPs should have given "aid and comfort" to a régime kept in power by the Soviet troops who were occupying Afghanistan.

She stresesd that the Russian occupation had been condemned not only by the whole of the western world but by many non-aligned countries.

A DELEGATION *of three* Labour MPs who have just returned from a visit to Afghanistan yesterday called on Britain to recognise the Afghan Government of President Babrak Karmal which took power a year ago after the Russian invasion of the country.

Mr. Allan Roberts and Mr. Robert Litherland said at a press conference that on the basis of what they saw, the Afghan army and administration were in control of the country and that this satisfied the normal criteria for recognition.

They said Afghan ministers had been at pains to emphasise that Russian troops were in the country only as a reserve force and a deterrent against external aggression.

The five day visit was the first made by British MPs since *the Russian invasion.*

Mr. Roberts and M. Litherland called for the immediate withdrawal of Soviet troops though Mr. Ronald Brown—the third member of the party—said this might not be possible until there were negotiations on Afghanistan's political future.

The three did not conceal that they had differences of view on what they saw and how they interpreted it.

Their gesture of support for the Karmal regime will be particularly *welcome to it at a time* when Pakistan is actively exploring the possibility of negotiations that fall short of direct recognition.

All three claimed that their "*fact finding mission*"—*which* was paid for by the Afghan Government—had of itself given propaganda support to the regime.

The party said they had been able to travel where they wanted. Mr. Litherland said they had seen Russian aircraft *on the tarmac at Kabul airport* but only one military vehicle on the drive into the city.

There were no signs of Russians in the street and people had been walking around and *shopping freely.*

They also visited Jalalabad, south west of the capital, and drove to the Pakistan-Afghan border. They saw no sign of Soviet forces and roadblocks and bridges had been manned by Afghan police or military.

Asked why Western reporters and television teams were barred *from* Afghanistan, the MPs said they had taken this up with President Karmal

They found that there was "a definite paranoia about Western reporting" and that Mr. Karmal was concerned about "untrue reports" in the Western press.

Mr. Brown said that he supported the aims of the Kabul Government. "I am socialist and I wanted to know what was going on there."

In their statement, Mr. Roberts and Mr. Litherland pressed for elections. They said: "social reforms and socialism *cannot be carried through* or implemented by the gun and tank but only by consent and direct democratic processes

Mr. Roberts said that it was impossible to know whether the ordinary people supported the Government. Their contacts had been through interpreters *provided by the regime.*

Row over sale of BR offshoots

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. ALBERT BOOTH, Labour's transport spokesman, was involved in a row in the Commons last night over whether a future Labour government would renationalise the British Rail subsidiaries which are to be sold off to the private sector *under the Government's new* Transport Bill.

The Bill, which was having its second reading in the Commons yesterday, enables British Rail to sell majority shareholdings in Sealink ferries, British Transport Hotels, British Rail Hovercraft and a large portfolio of property.

BR will still retain a minority interest in the subsidiaries by means of a holding company.

Mr. Booth told the House that if Labour is returned to power it will act "quickly to reassert public control over the national assets which have been stripped."

Pressed by Tory MPs to spell out exactly what he meant, Mr. Booth said the Government believed in using its majority to strip public assets and transfer them to the private sector in a way that disadvantaged the public interest.

He declared: "A future Labour government may well feel justified in calling on its majority to reverse the process, to transfer assets from private ownership to public ownership in a way that disadvantages the private owner and advantages the public sector."

Mr. Norman Fowler, Transport Secretary, intervened to say that in that case a Labour government would be going against the wishes of the British Railways oBard.

Mr. oBoth replied: "That is not what I have said. Before the next general election we will have to make a decision to include in our manifesto a position which will make it clear to the British public how we would deal with public assets."

Mr. Booth wanted to know how the Government proposed to handle private sector bids for the subsidiaries. He was particularly concerned at the reserve power given to Mr. Fowler to override decisions of the BR holding company.

He wanted to know if the holding company would be allowed to reject bids from companies which are in competition with British Rail.

Mr. Booth wondered what would happen if there was a bid for Sealink from European Ferries, whose chairman is Mr. **Keith Wickenden** (C, Dorking). Would the Minister use his powers to intervene in this case?

He also asked whether the holding company would be allowed to reject a bid for BR hotels from Trusthouse Forte, whose chairman is **Lord Thorneycroft**, chairman of the Tory party.

"It is up to them," Mr. Fowler said. "The reserve power would only be used in the very unlikely circumstances that no progress had been made in selling off any of the subsidiaries."

Join EMS, Tory group urges

BY MARGARET VAN HATTEM, LOBBY STAFF

A GROUP of Tory MPs claiming the support of senior Cabinet Ministers is urging that Britain join the European Monetary System "without delay" and that the Government insists on freezing EEC support prices for farm surpluses such as dairy products over the next year.

The MPs, members of the *Conservative Group for Europe*, will press these points when they meet Mrs. Thatcher tomorrow evening.

Although the claims are counter to present Government policy, the group claims as members over 100 MPs including senior Ministers such as Sir Geoffrey Howe, Lord Carrington, Sir Ian Gilmour, Mr. William Whitelaw, and Mr. Michael Heseltine. But, as group chairman Mr. Hugh Dykes (Con., Harrow East) concedes, support within the group for its policies is far from unanimous and it does not really expect to alter Government decisions. Should the Government opt, as expected, to remain outside the EMS for the moment and to support significantly farm price rises, there will be no backbench rebellion.

Tomorrow's meeting with Mrs. Thatcher follows a similar one last month between the Prime Minister and members of the 45-strong European Reform Group, which, in the words of their most vocal spokesman, Mr. Teddy Taylor (C, Southend East), does not want Britain to leave the EEC but would like to see the CAP scrapped, and national independence restored to the UK in most EEC policy areas, particularly trade and industry.

According to Mr. Dykes, the Conservative Group for Europe is "most concerned at the damage being done to the party by the Reform Group at a time when there is a strong need for party unity and support for the Prime Minister."

The confrontations between the two groups in recent weeks underline the current debate within the party.

Developments within the party on European issues do point up an apparently wide gulf between the few involved in decision-making, and the rest. Key decisions are often taken by a handful of Ministers sitting on a Cabinet Committee. Other Cabinet Ministers, not to mention backbenchers, are merely informed of the outcome

Last December the Reform Group pressed Mrs. Thatcher to formulate a clear Government strategy for restructuring the EEC budget and set out specific British objectives. She gave them no indication she would do so. The meeting, they added, was "splendid."

Tomorrow the Group for Europe will press her to support its ideas on reforming the CAP, and to join the EMS. Few would deny she is unlikely to do either —yet they too may emerge thoroughly satisfied.

To look for more concrete results, says one of the prominent infighters, "is to misunderstand the way we do things here at Westminster."

Bill would ban shop-window porn

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. TIMOTHY SAINSBURY, Tory MP for Hove, is to use his place at the top of the ballot for Private Members' Bills to introduce a Bill dealing with indecent displays in shop windows.

Six similar Bills failed in the past because they ran out of time, but Mr. Sainsbury hopes his Bill, backed by the GLC, will get the parliamentary time it needs to reach the statute book.

He originally considered introducing another Bill attempting to reduce the legal time limit for abortions. This would have been very controversial and could have made it more difficult for other backbenchers to get their Bills debated. The indecent display *Bill, which would ban the* display of hard porn in shop windows, should be less time-consuming.

Mr. Donald Stewart, the Scottish Nationalist who won second place, is to introduce a measure improving the status of the Gaelic language in Scotland.

Mr. Frank Hooley, the Labour MP who came third, has opted for a Freedom of Information Bill, while Tory Sir Anthony Meyer, fourth, is to introduce a Bill lifting some of the restrictions on shop opening hours.

This is almost certain to prove highly controversial even though Sir Anthony, who is being advised by the Consumers' Association, has decided not to take on the Lord's Day Observance Society head on by trying to abolish all the restrictions on Sunday trading.

Thatcher cast for role of mystery 'leaker'

BY IVOR OWEN

THE PRIME MINISTER found herself cast for the role of the mystery "leaker" of Cabinet discussions in the Commons yesterday.

To cheers and laughter from his supporters, **Mr. Michael Foot**, Labour leader, suggested she had inspired newspaper reports published earlier in the day asserting that the basic rate of income tax will not be increased in the spring Budget.

In incredulous terms he implied that it was impossible to believe that Sir Geoffrey Howe, Chancellor of the Exchequer, had been guilty of anticipating his own Budget. Therefore, said Mr. Foot, it must have been one of his colleagues.

With a coolness which won approving cheers from the Government benches, Mrs. Thatcher scoffed at the idea that a Budget which had yet to be framed could be the subject of any kind of leak.

"It is impossible to have leaks about decisions which have not yet been taken," she declared.

Mr. Foot insisted this did not explain the appearance of what looked like orchestrated reports *in a number of newspapers.*

To further Labour laughter, he suggested the word "leakages" might be too delicate for the Prime Minister after her television interview last week whn she maintained that they impeded efficient Cabinet government.

Mrs. Thatcher repeated: "I am not worried about so-called leaks about decisions which have not yet been taken."

Seizing on these words, Mr. Foot countered: "It is the fact that you are not worried about it that makes some of us think you are the leader of the leakers."

Warming to this theme, he recalled it was the Prime Minister herself who had earlier told the world about the "wets" in the Cabinet and discussed their performance around the Cabinet table.

Cheered on by the Labour benches, Mr. Foot contended that what the country now wanted to know was which side were the "wets" on in the issues currently before the Cabinet and were they winning.

Mrs. Thatcher snapped: "The Government is winning."

Dr. Shirley Summerskill (Lab, Halifax) forcefully reminded the Prime Minister that she stated during her television interview that "leaks" did not make for efficient Cabinet government. As it was undeniable that "leaks" had occurred, she maintained Mrs. Thatcher had a duty to track down "the mole or moles" among her Ministers.

Refusing to be drawn into further discussion, Mrs. Thatcher said she had more important things to do.

The exchanges with the Prime Minister were closely followed by **Mr. Norman St. John Stevas** —sacked in last week's Cabinet reshuffle and later exonerated by Mrs. Thatcher for the leaks which occurred when he held office.

As he made his way to a seat in the last row of the backbenches on the Government side, **Mr. Neil Kinnock**, Labour's Shadow Education Minister, commented: "I see that the ghost of Christmas past has arrived."

Random breath tests rejected

By Our Parliamentary Correspondent

DEMANDS FROM Labour and Conservative MPs for random breath tests to detect drunken drivers were *firmly rejected in* the Commons yesterday by Mr. **Norman Fowler**, Transport Secretary.

He emphasised that the introduction of such tests could damage the relations between the police and the public.

"We don't believe such powers are necessary," he said. "Police already have the powers they need in this respect."

He was opening the second raeading on the Transport Bill which, among its major provi-

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Pulling crashed cars into shape

AN IMPROVED method of measuring the dimensions of a motor car body after it has been pulled back into shape following an accident is offered by Samefa (UK) of 67, Somers Road, Rugby, Warwicks. (0788 74157).

The company claims that costly and bulky jig brackets have to be used in conventional methods, clamped to the car at specified points and peculiar to each vehicle. The brackets are used as measuring surfaces/edges.

Caroliner Mark 2, made in Sweden by Samefa, makes use of a torsionally rigid rectangular framework welded up from 140 x 140 mm section which is slid under the car and serves as mounting frame for both measurement system and draw aligner (the hydraulic force application system).

Two clamps are mounted on each side of the frame and these are used for gripping the turn-over and welded metal seams under the door sills. Then, the whole frame with car can be raised, on castors for convenient workshop location, or on feet.

The lateral and longitudinal position of these clamps can be altered to suit the width of the car and the sill available, so that almost any make of car can be accommodated.

Also mounted on the frame is the measuring bridge, an injection moulded aluminium frame consisting of two rails upon which measuring cross members can be slid. These cross-members themselves carry sliding members on which vertical measuring points are carried, the latter having a variable height.

All three measuring directions—along the frame, across the frame and up and down for each point—carry accurate graduated scales. Thus the four cross members, giving eight measuring points, allow alignment to be gauged precisely at known reference points on the underside of the vehicle, perhaps bolt heads or datum holes.

The draw aligner is essentially a strong horizontal tube clamped to suit the job somewhere round the frame and pivoted so that it can swing in a horizontal arc. At its far end is pivoted a strong notched vertical member which can be swung in a vertical arc away from the car by a 10-ten hydraulic cylinder fixed to the tube.

A chain can be held in the appropriate notch of the vertical member so that, connected to a suitable gripping device on the car body (a hook for example) the car can be gradually pulled to shape according to readings taken on the measuring frame components.

The draw aligner, sill clamps, feet, wheels, etc., are all held at convenient or appropriate points on a milled track round the frame so that minimum obstruction to work can be arranged.

The system includes data sheets with particulars of most common makes of car. In addition to dimensions of the car underside at selected points, these sheets also show the mounting point for the sill, clamps, type of measuring stud needed and so on.

Requirements of the insurance companies and car makers for repairs to extensive bodywork damage are met and the price of the whole system is under £7,000.

A U.S. outboard to beat the Japanese

CLAIMING TO be Europe's largest marine accessory retailer, Ladyline is pushing out its boat with a new product with which it intends to flood the 2 horse power market.

This is its Mighty Mite III, made in Indiana, U.S., as a bastion against Japanese imports of similar engines. Unique feature in this size outboard motor is a clutch, and other benefits include its spare parts package complete with spare propellor, spark plugs and shear pin. It is offered with a two-year guarantee on parts and labour.

"We're out to beat the Japanese at their own game—pricing," says UK managing director, Bob Love, in announcing the engine's cost, £129 including VAT.

It is intended for the inflatable craft market here and reports tremendous success in America where 20 per cent of production invariably ends up on canoes. Simple to operate, it has also proved popular with boating men's children in the U.S. for use on a tender or pottering about in harbours.

The outboard runs for nearly three hours on a quart of fuel and its electronic ignition banishes problems with points, says Ladyline.

Building innovations get their due reward

BY DEBORAH PICKERING

A CLOSED circuit TV camera that can see down drains and the now-familiar ball-wheel-barrow are just two successful guinea-pigs nurtured by "Building" magazine's Innovation Awards.

These glittering prizes are given every two years for original or unprecedented brain-children introduced to the building industry with the promise of "improving the quality and cost effectiveness of products, processes, systems and services, whatever their scale or character."

Undaunted by the worst recession of modern times, an unprecedented number of entrants suggests that there are at least 84 luminaries determined to lighten the industrial gloom by positive incentive.

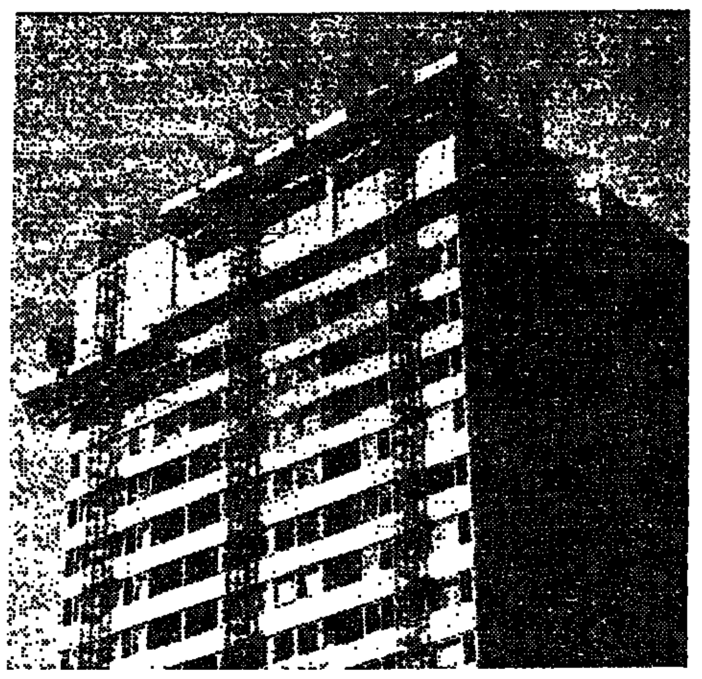
Experts from the Building Research Station at Garston, architects, quantity surveyors, heads of construction companies and university professors sit in judgment on developments within the UK industry that are also flavoured with the international character of the market. Although some innovations are originally developed overseas, and are now being introduced into this country all entries to the scheme are judged on their individual merit regardless of the country of origin.

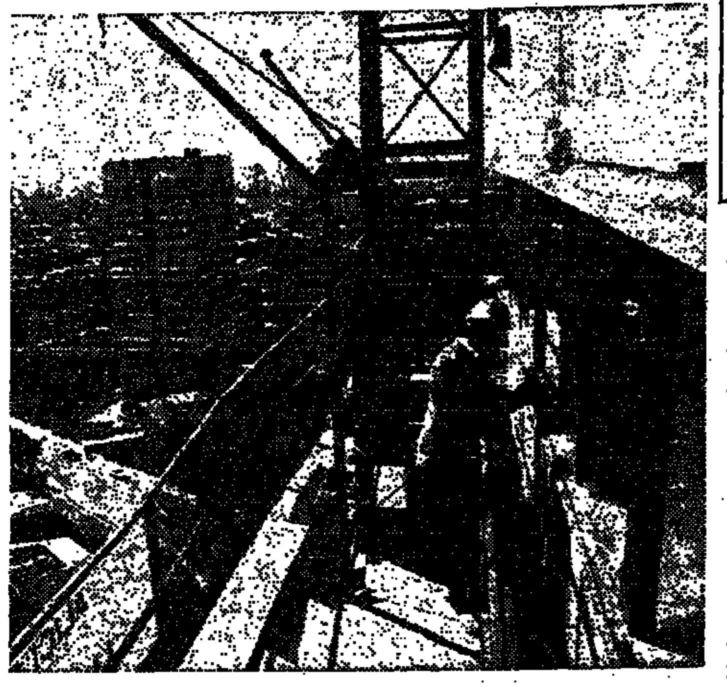
People working in buildings undergoing remedial work will undoubtedly appreciate the supreme-award winner—the Alticlimber. This allows work to be carried out where the alternative would be to erect a scaffold sheath around the whole of a building.

It consists of a rack and pinion driven climbing work platform. A steel lattice mast is fixed to the building at 7.5 metre intervals and a platform, up to 16 metres long, with its own electrically powered drive unit, climbs up the mast at a rate of nine metres a minute. Similar units can be erected around the perimeter of the building to provide a continuous platform, or platforms, for working at different heights around the structure.

The system allows work to be carried out at different levels with the capability of rapid changes from one level to another—all this work in progress promising no inconvenience or disturbance to the building's occupants.

The panel could not fail to be uplifted, too, by Readyscaf's portable unit which is designed to obtain access to chimney stacks and dormer windows on pitched roofs. This is a lightweight system using a set of components which can be handled by one man. Simple to set up, it employs hooks over the ridge of a roof, although the absence of positive fixing implies possible limitations for use in high winds. Overall appraisal suggests that the equipment could well herald considerable cost savings in practice, thus earning it a commendation in this class.





Freeline Plant's Alticlimber in action—it took the Supreme Award from 84 entries

Twice the expected number of entries responded to the Material class and top of the 28 contestants is Cape Board and Panels with its Masterboard. A further outcome of the comprehensive research and development programme on asbestos-free materials, this is now in the form of a cheaper general-purpose board which still gives good fire resistance but has bonuses such as low moisture sensitivity and first-class workability. Also commended was Fibrocem Blockmix, a pre-mixed rendering mortar comprising cement, alkali-resistant glass fibre and sand. Apart from rendering, it should prove valuable in other applications calling for greater inherent strength and impact resistance.

Norwegian

This year's scheme also attracted double the numbers of aspirants in the components field, and Nail-Web floor and roof panels scooped the top prize. Its industrially produced panels are based on the use of a thin corrugated steel strip, toothed on each edge, which acts as a web when driven into two flanges of chipboard or plywood.

Norwegian technology lies behind the components which are aimed at producers of timber-framed buildings as suspended floors or roofs with a slope not greater than five degrees. A design service, drawing on experience borrowed from abroad, is available for users of these lightweight structural loadbearing panels.

Runners up in this class included Plannja Profile 200, a steel decking incorporating both longitudinal and transverse stiffening to provide a long span capability of up to 10, or possibly, 12 metres, and Doromatic Viro, a thief resistant quick-release security lock. The latter was adjudged a well-engineered and robust product which the panel considered could meet a real need.

"Ingenious" is the accolade for a device which restricts the supply of water to automatic flushing systems in lavatories to times when the facilities are being used. First prize in services equipment goes to the Cistermiser Auto-Flush Control valve. This uses variations of water pressure caused by the use of adjacent taps and manual flush loos to trigger the valve which then supplies a pre-set amount of water; the time for which the valve operates on each occasion is adjustable by a variable restrictor. This should make it possible to effect valuable savings in water consumption.

Two other entries in this class were considered highly favourable: Neutronics' Fuel Efficiency Monitor and the Ideal Standard Dualux range of mixer tap fittings.

Neutronics' entry is a hand-held flue gas analyser which uses microprocessor technology to provide a digital readout of flue gas temperature, oxygen content and boiler efficiency. This must prove a delight for those involved in the pursuit of energy conservation.

Spin-off

The goody incorporated in the Dualux tap mixers is that the valves each consist of a pair of ceramic discs (made of material which is a spin-off of the American space programme) polished to a very fine tolerance to act as seals; rotation of the discs brings into line openings in the discs which are so designed that a proportional increase in flow is obtained within an overall 90 degrees movement.

The Special Category recognises innovations which do not fit into the other four main classifications of the scheme. It commended the Ground Survey Design Suite entered by Eclipse Computer Services which is an integrated computerised system covering the collection of ground data, production of maps, calculation of quantities and design aspects of site development.

Outright winner — although not manifestly radical—is the Barbour Design Library. Information produced by government departments, professional bodies, research organisations and Parliament is disparate and voluminous, and Barbour Index says it can offer a desk-top reference library providing non-trade information ranging from design principles and construction technology to legislation, maintained up-to-date in user offices.

Techniques employed by this system are not in themselves new (use of microfilm is now common in day-to-day operations) but its main innovation has been to develop an information base germane to the construction industry, an information base which would be regularly updated and developed, and accessible to subscribers.

THE JUDGES

James Dick (chairman) director of the Building Research Station; George Atkinson, member of the International Building Research Council Working Commission on Information; John Bickerdike, partner, Bickerdike Allen Partners; Professor Donald Bishop, University College, London; David Stanger, managing director, Harry Stanger; Geoffrey Townsend, senior partner in quantity surveyors Turner and Townsend; Hugh Try, managing director, W. S. Try (Holdings); Richard Tully, senior partner of G. H. Buckle and Partners.

Benefits of automatic handling

TAKING A long, hard look at the way industry is handling its raw materials and processes is Portasilo of York which believes that too few companies are thinking on the right lines. This means assessing the savings in labour costs—at least in bulk handling systems.

Workforces can be freed from mundane, repetitive tasks and go on to more productive employment once they are involved in automatic materials handling, says Portasilo (0904 24872).

There are a number of other benefits from thinking in bulk: saving an average loss from bagged materials of 2 to 5 per cent (cement costs £3 a tonne less in bulk, hydrated lime £8 less, while bulk soda is a staggering £17 a tonne cheaper); eradication of inefficient processes through accurate storage and automatic conveying, and close monitoring of stocks at the press of a button.

Pilfering is made more difficult—a handy-sized pack may be spirited quickly away into a car boot, but coping with the contents of a 20-tonne silo would defeat even the most enterprising thieves.

Environmental benefit must result from the fact that materials such as sand and cement are contained and cannot be windblown into the atmosphere or surrounding district — a common occurrence when bags are opened and emptied.

Supporting its claims, Portasilo cites recent contracts where one of UK's leading paint makers achieved huge savings in labour costs, a cable maker increased labour productivity, and a cement contractor reported that cost savings through bulk buying would pay for his £2,000 silo after only 50 loads.

Portasilo has designed industrial bulk handling systems for more than a hundred different types of materials, ranging from cork and cullet to grit and granules. It believes that small builders and contractors can derive great benefits by thinking bulk and intends to meet this market area with a mobile silo which can be put into operation on site in under 20 minutes.

Its research — backed by a recent spate of orders—indicates a growing trend for more industries to appraise bulk handling methods as a means of improving efficiency and containing costs.

One of its recent customers was able to introduce non-stop shotblasting of bridges and other similarly large structures by switching from a repetitive reloading system (which broke the work cycle) to the company's self-monitoring unit, enabling four men to work uninterrupted.

"This," says Portasilo, "is crucial if you're midway through something like the Forth bridge!"

NEWS IN BRIEF

PUMPS

HIGH-pressure pumps for use in such processes as reverse osmosis, filtration and water deironisation are now being produced by Worthington-Simpson, of Lowfield Works, PO Box 17 Newark, Notts NG24 3EN (0636 757151). Pressures up to 450 psi at 15 cubic metres an hour can be provided.

FACSIMILE

AVAILABLE SOON through Panasonic Business Equipment (UK) will be the range of facsimile products made by Matsushita Electric in Japan.

First of the new models is available now and is the Panasonic UF 520 EX, an international Group 3 machine (which basically means it is able to transmit a page of A4 text in under one minute). More on Slough 75841.

AIR VELOCITY

WITH PAINT spray booths, exhaust and cooker hoods in mind, Dwyer Instruments has designed a hand-held meter, the "Vaneometer," to measure air velocities from 25 to 400 feet a minute.

The meter is held parallel to the air flow and the velocity is measured by the position of a pendulum-type vane on a curved scale. The device is marketed by PP controls of Hounslow, 01-572 3331, and costs about £21.

MARKET TRENDS

MANAGERS looking for early information about market trends should be interested in a new service from Martin-Hamblin Research.

Called Patintel, the company reckons to forecast industrial trends by analysing Patent Applications. These are published some 18 months after filing and well in advance of the formal patent award.

For about £10 a week Patintel will despatch weekly the latest patent applications analysed for their relevance in the fields of mechanics, optics, electronics, measurement and control, distribution and communcation and energy.

More from Martin-Hamblin on 01-235 5444.

PRESTEL

SPECIFICATIONS FOR Prestel terminals, the displays which make it possible to interrogate a computer database via the public switched telephone network, have now been drawn up.

The specifications, the result of more than a year's collaboration between the electronics industry and Prestel's own technical staff, defines the safety, interworking protocol, signal and display requirements of the Prestel system.

Industry participation was channelled through the British Radio Equipment Manufacturers Association, the Telecommunication Equipment Manufacturers Association and the semiconductor industry.

Copies of the specifications at £10 each can be ordered from Prestel 4.1 CSU, Prestel Headquarters, Telephone House, Temple Avenue, London EC4 0HL.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Statutory obligation

I have reason to believe that there may have been substantial unpublicised disposals of shares by various shareholders in a public company in which I have some shares and, if so, it could affect my decision as to whether to retain them. I made formal application to the company, therefore, for a copy of certain parts of the register of shareholders in accordance with Section 113 of the Companies Act 1948 without stating any reason for my request. The company has refused to provide the copies. Could you say what action can be taken by an individual to compel the company to comply with the requirements of Section 113(2) of the 1948 Act.

You should offer to pay the prescribed fee and point out the statutory obligation, and the penalty provided by Section 113. On continued refusal you can seek an order of the court directing the provision of the required copies under subsection 113(4) of the Companies Act 1948.

Negotiation of rent

Under the terms of a lease I have on a shop, the rent was £3,000 per annum for the five years ended June 24 1979. Prolonged negotiations took place for the rent to be fixed for the next five years, but these failed and eventually the matter was submitted to an arbitrator, who made an award of £7,525. As this is too high, I invoked a clause in the lease allowing me to give three months' notice to end it. This was accepted by the landlord, but I was told I was not correct in my assumption that I could continue at the present rent of £3,000 until the notice expires in February. My solicitor thinks the old rent should prevail. What, please, is your view?

If the notice was duly given within the time stipulated in the break clause we think that the old rate of rental will continue until the end of the three-month period even though there may be a gap between the review date and the date of giving notice in respect of which no express provision as to the proper rent in these circumstances is made.

Non-residents' property

Like a number of your overseas readers I own property in the UK which, during my absence I let out through an agent. I believe it is incorrect for me to be charged VAT on his commission. Am I right?

There is an argument that no VAT was chargeable in respect of estate agents' fees relating to UK property before January 1, 1978 where the property was owned by a non-resident. We should point out that such an argument would be resisted by the Customs and Excise. After January 1, 1978, there is no doubt that VAT is correctly chargeable in respect of such fees.

Partnership dissolution

Twelve months after the opening of a florist shop, my partner walked out and dissolved our partnership because of her domestic problems. The lease of the shop is in her name and she refuses to sign the lease over unless I agree to be responsible for any tax on the agreed sum I am to pay for the shop lease.

For the past four months since she left, I have continued to pay rent, rates, VAT, etc. Please could you tell me if she is responsible for any of these costs?

We think that your former partner is entitled to insist on your being responsible for tax payable on any sum paid to you on dissolution. She would not be liable to pay or contribute to outgoings incurred by you after the dissolution date.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The Scots dig for gold in their own backyard

Ray Perman reports that the Bank of Scotland, its international reputation firmly established, is now concentrating on a move south of the border

THE BANK of Scotland is the 192nd largest bank in the world. Not all that impressive at first sight, perhaps. But look again. "We have about 3 per cent of the U.S. banking market, and that is a very exciting position to be in," says Bruce Pattullo, the treasurer and general manager (chief executive). "When you consider there are 14,000 banks in the U.S. alone, we are quite big in world terms."

Pattullo's enthusiasm indicates a marked change in pace for the bank. Over the past five years its creative energies had been channelled away from the bread-and-butter domestic banking market, partly into its international division which, spurred on by oil and the competition from foreign banks, grew from practically nothing to 25 per cent of the balance-sheet, and partly into the merchant banking subsidiary, British Linen, which established itself as the biggest in its field outside the City of London. During this time the main bank produced only half-hearted responses to mounting pressures on its profit performance.

Tied to the Scottish economy, it found itself suffering the same effects from the recession as its industrial customers. The best of its retail business was being nibbled away by English and foreign predators and the vigorous building societies and savings banks. Worst of all, costs seemed to be accelerating out of control.

The Bank of Scotland's response was, to say the least, unexciting, and in some key areas — particularly the introduction of cash dispensers and other electronic labour-savers—it allowed its rivals, the Royal Bank and the Clydesdale, to surge ahead.

Suddenly all that has changed. In the last year a rapid stream of new products and innovations has been flowing from The Mound, from which the Bank's headquarters looks down on central Edinburgh. They are evidence of a new aggressive spirit that has forced at least one senior executive from the Royal Bank—its chief Scottish competitor — to acknowledge: "Now they are making the pace while we seem to be running in neutral."

Pattullo, chief executive for only 18 months, explains the change in terms of management skills. "Unconsciously for ten years a lot of good people and a lot of the management energy of the group was drawn off from the central part of the bank. On the domestic side the bank was a little sluggish because some of the more innovative thinkers were sent off to do other things. One of my tasks has been to try to bring some of the creative thinking back into the parent bank without losing momentum in the peripheral areas," notably the international and merchant banking arms.

Pattullo himself is the leading example of talent brought back into headquarters. Oxford and *Harvard educated*, a prize-winner in his banking exams, his climb through the bank's divisions was rapid. He relaunched the group's merchant back, renamed British Linen, in 1976 with genuine independence from the parent bank. In 1978 he was brought back to head office and made treasurer a year later. He is still only 43, one of the youngest bank chief executives in the world, and one of the best-qualified —he is the only graduate chief executive of a British clearing bank.

Listen

Already with a reputation as a formidable generator of ideas himself, his biggest contribution so far, according to some of his subordinates, has been to let it be known that all ideas will be listened to. "There was a time when there were only certain things you referred to the treasurer," one executive remarked. "Now the word has definitely come down: the treasurer is interested in everything."

Pattullo's overall strategy is to expand the potential UK market open to the bank without adding proportionately to costs. What this means in practical terms is attacking the English market without setting up an expensive and costly branch network. The first moves in this direction have already been made with the opening of a Bank of Scotland branch in Birmingham and the unveiling of a number of new credit packages not tied to branches. *But much more is to come.*

"We have found that the name Bank of Scotland is a much more marketable commodity than we had imagined, and we intend to make more use of it," says Archie Gibson, who was brought back to Edinburgh from the international division in London to head marketing and credit services operations.

Moving into Birmingham, where a branch was opened last September, was the bank's first move into the English provinces. It was also the first breach from the Scottish side of what bankers have euphemistically called the "gentlemen's agreement," a restrictive practice by which Scottish clearers did not compete in the English domestic market and the English did not venture north of the border.

The Bank of Scotland's decision to move *in was made easier* by the fact that in the past five years each of the big four London clearers — including Barclays, which owns 35 per cent of Bank of Scotland—have established branches in Scotland. But Pattullo still felt he had to go personally to tell Barclays what he was intending to do.

If the Birmingham experiment is successful he may be telling Barclays of further excursions into its territory. "We must not let the Barclays shareholding inhibit us from going after business," Pattullo says. "We have a healthy relationship with Barclays, but one thing I am determined about is that we will not become dependent on Barclays — once you are dependent the relationship changes.

"Anything we require to do to be a separate and viable bank, we must do. And I want to be more than just viable, I want to be the best performing bank in the UK."

Although Birmingham is a full branch, its main function is to gather lucrative corporate business. The Bank of Scotland sees an opening for itself in the English corporate market, as a "safe" alternative — a role already being exploited by the foreign banks. A large company which banks with two or more English clearers may prefer to go outside the Big Four for special requirements, rather than risk offending one of its regular bankers by choosing its competitor.

Corporate business is the less labour intensive side of banking. Reaching a wider personal lending market without opening costly retail branches demands more ingenuity and a lot of creative talent: the bank is now looking for ways to achieve this. One of the solutions adopted so far is to use the established networks of other organisations, such as store or hotel chains, and let them offer credit using the bank's services.

Through its central credit services department, set up in mid-1980, the bank is already making use of computer programmes which it had developed, but under-exploited, in the early 1970s to provide credit services for some major groups, such as C and A Modes, Marks and Spencer and Thistle Hotels. Promoting the relevant credit card (or in the case of the Marks and Spencer scheme, which Bank of Scotland runs jointly with Citibank, a pre-printed cheque book) is done by the store or hotel group.

Granting credit at one remove in this way entails a fundamental change in the way bankers assess the creditworthiness of prospective customers. The old eyeball-to-eyeball approach, by which the branch manager made his own personal assessment of the customer's character as well as his financial circumstances, is obviously limiting when you are trying to reach private individuals.

Many managers, particularly Scottish managers, also tended to err on the side of caution: as Archie Gibson puts it, they only lent money once they were satisfied the customer did not need it.

Remote

Once a bank has made the mental adjustment enabling it to lend on the basis of past credit record and other information mainly supplied by the customer himself, a lot of new possibilities are opened up. American banks are already adept at remote selling through advertising and the recent launch by Citibank of a revolving credit *scheme, which uses a special* cheque book, shook the Bank of Scotland into action.

"Citibank really got away with it by suggesting that no other bank offers this sort of facility, but it is our own fault. We have had similar schemes for years called Scotplan and Scotmaster, but up to now we have never really pushed them," Pattullo admits.

"We have got a lot to learn from the American banks and one of the things is that marketing is going to become very much more important. We have got to spend more time and money on advertising and image building in the market place. I have no doubt that in the 1980s there is going to be a lot more cross-selling, trying to reach the customers of other banks, and a lot of credit will be sold through coupon advertising."

Bruce Pattullo: the word has come down from the Bank's headquarters—he is interested in everything

The depth of an economic slump, when the Bank of England is urging lending restraint, is obviously not the best of times to launch a frontal attack. But Pattullo looks forward to a period when he will be able to push Scotplan, Scotmaster and other Bank of Scotland products to a general public rather than just to existing account holders.

No such inhibitions exist in trying to win deposits, even from the building societies. At its launch in November, the bank claimed a UK "first" for the monthly income account, which pays interest monthly on large deposits and pays it gross —a clear pitch at pensioners with savings, the unemployed with a large redundancy payment to deposit and anyone else not eligible to pay tax. The tax automatically deducted from building society interest, the bank points out, is not recoverable.

Innovation is not solely concerned with developing the bank's product range. Movement seems to be happening in all directions at once. A new way of organising branch staff is being tried to give customers a better rapport with their bankers, and it has put a scheme to the Department of Energy for financing a pipeline to gather gases from North Sea fields which it has now been formally asked by the Government to discuss with other banks. Abroad, it is expanding in the U.S. and has found a way through the complex American banking regulations which will allow it to open a U.S. branch and thereby break into the U.S. dollar lending market, rather than having to deal in Eurodollars as at the moment.

Viewed from the South, UK banking may look sewn-up between the four giants. From its northern vantage point the 192nd largest bank in the world sees things differently.

Paribas

The article on Paribas, published last Wednesday, January 7, contained two inaccurate French Franc-Dollar conversions. The dollar equivalent of the bank's consolidated net profits should have read $255m, with assets at $43.1bn.

Business courses

Financial Decision Making, London. March 11-13. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Employee Relations in Manufacturing, Bradford. February 15-20. Fee: £310. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

Organising the Engineering "Dimension," Henley. March 16-20. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire, RG9 3AU.

The Transfer of Technology and Know-How Overseas, London. February 25. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland LE15 9PY.

Managing Personal Relationships, Cheshire. February 23-28. Fee: £406. Details from ASO Management Centre, Brook Lane, Alderley Edge, Cheshire SK9 7QH.

Evolving the IBM Network, London. February 16-17. Details from The Yankee Group, Regal House, Lower Road, Chorleywood, Rickmansworth, Hertfordshire WD3 5LQ.

LOMBARD

New leaks from Downing Street

BY PETER RIDDELL

THE CABINET changes have not ended the flow of leaks from Downing Street. Only yesterday our own mole (code-named Gerald as Le Carre fans will appreciate) produced a transcript of a conversation last week in the inner sanctum itself. The speakers are described as M1 and M2. After exhaustive code-breaking they have been identified as the Prime Minister and Professor Alan Walters, her new special economic adviser.

The only changes to the text have been to cut the Prime Minister's questions by 90 per cent and to paraphrase them since the Professor's answers were thought to be more revealing.

Money supply

The Prime Minister: As you may have heard in Washington, I sometimes get fed up with all those doubters in the Treasury and the Bank of England. It is all a matter of controlling the money supply, isn't it?

The Professor: The real cause of the inflation is the accelerating money supply, and that is under the control of the Government. The politicians are the guilty men.

The Prime Minister: That's all very well, but you can't blame us for all the price increases caused by OPEC and by the unions, as Geoffrey keeps telling me.

The Professor: The belief that either trade unionists or foreigners cause inflation is merely a fallacy. It is true that trade unions have some monopoly power, and they will be induced to exert this power to acquire a higher wage rate for their members. One notes, however, that this is a once-and-for-all effect. The monopoly power of trade unions cannot be the driving force of a continuous inflation.

The Prime Minister: But surely OPEC has pushed up the inflation rate?

The Professor: There is no reason why increased import prices should cause inflation provided that the authorities do not expand demand by creating *money to support the increase* in prices.

The Prime Minister: What will happen if the rate of growth of the money supply is reduced?

The Professor: There would be a reduction in the rate of growth of real output for a period of about 9 to 20 months later. This would be associated with some increase—and perhaps a substantial increase — in the level of unemployment. However, the rate of inflation would begin to go down only after a period of two years, and the substantial effects would be realised only after about four years.

The Prime Minister: But I have got to have an election by May, 1984.

The Professor: Any politician who wishes to put before the electorate a policy of monetary restraint can only offer a very hard time for two years; after those years have passed the economy will begin to grow again, and the rate of inflation will substantially fall. A party that has just secured the reins of power will find it difficult to implement such a policy for at least one year and very probably two. Clearly this is electoral suicide. The electorate have been schooled to expect results "at a stroke." A patient submission to the long-term forces of economic reality is too much to expect.

The Prime Minister: I didn't hire you to be so gloomy.

Alternatives

The Professor: One must review the alternatives. As I have argued, they involve substantial reductions in real output, much dislocation, and savage inequity. The public are being led meekly to these hardships because they still hope for the long-promised miracle cure. But the only cure is the long and albeit painful one.

At this point the discussion broke down into wailing and gnashing of teeth. Some readers may find the Professor's comments familiar. They are word for word what he wrote in a pamphlet. "Money and Inflation," written in 1974 for Aims, the Free Enterprise Organisation. *He is not known to have* revised his views since then.

Raised beds for happy alpine plants

GARDENS TODAY

BY ROBIN LANE FOX

THIS WEEK I want to look *forward to some plans* and hopes for 1981. It is not a bad time to be planning changes in a garden. The persistent rains have not suited many plantings which were made earlier in the winter, so little has been lost by delay. It is time to be moving again. I have already scented spring between the cold winds and am planning this year to improve the soil, the evergreens and the background of my borders.

The wetter the winter, the harder it is to please the smaller plants which interest me most. Pinks, especially, have been hard hit, and I will soon be reduced to the proven pink Doris and the old white Mrs. Musgrave, the one with a green central spot. Primroses are not troubled, but any kind of hardy auricula lives only on sufferance in such damp surroundings and I fear for the flowers on my personal favourite, sold as Irish Blue. Silver plants, thymes, the silver *saxifrages* and the small evening primroses: all these plants should be checked during a wet winter which distresses them more than frost. If in doubt, cover them with bracken or a pane of glass on a wire support.

If I was starting again, I would follow the example of the remarkable alpine garden which is now attached to the main grounds of Boughton House, Kettering, Northants. Over the past few years, their charms have been improved by the queen of British alpine gardeners, Valerie Finnis, now Lady Scott. Flower shows are beginning to reward the selected forms which she has picked or kept alive in so many different families. The garden deserves a week to itself, as it ranks among the most interesting to have been made round an earlier backbone during the past 10 years. Here, I want only to alert you to a good point in its design.

At Boughton, raised beds have been given their chance wherever alpine plants are growing. The results are excellent. They suit any gardener whose back does not like to be bent and who refuses to kneel on wet ground. They suit any plant which likes sharp drainage and a rich or special compost. These are the tests of almost any good alpine which will show its thanks by seeding freely and growing more *strongly than* in any bed at ground level. Mercifully, they need no rocks.

The design is quite simple and allows any number of variations. At Boughton, the beds are supported by railway sleepers, those bargains of the modern timber market. Mainline stations will sell you enough to pile two or three on top of each other and use them like a line of dominoes.

They can edge a rectangular bed whose inner space, some two feet deep, can be built up with a thick layer of rubble, grit or ashes. Above this, you throw in a mixture of sharp silver sand, leaf mould, grit and spent mushroom compost, varying the density of compost to suit the plants which you choose to grow. You then have a bed isolated from surrounding weeds and worms which can be planted up as a small fragment of perfection.

In a town garden, raised beds are the sensible answer to a soil whose surface is filled with yellow clay and old bottles. They are the answer, too, to winters as wet as this one and to gardens like my own where the soil is beaten into a cake by heavy rain and needs to be fed after several years. The higher the bed, the happier its alpine contents and the easier its upkeep. Next month, I will be raising two rose beds two feet off the ground and putting them down to alpines only, a means of trying more plants in a small space and finding some novel breeds for cover and contrast with which to entertain you.

If your garden ever seems too small, scale down the size of plant which interests you and raise the beds which are to hold them. Then you will have as much scope for variety as any sprawling park.

Beyond these changes, I have hopes at last for my evergreen background. Six years ago I planted blocks of the valuable Osmanthus, the white-flowered spring shrub whose dark evergreen leaves are prized for any loose hedge or permanent feature. These are now making their mark behind a foreground of the evergreen Skimmia, the pick of all small evergreens and easily multiplied from cuttings. I cannot *think why so* many European gardeners prefer conifers. These two shrubs flower sweetly and the Skimmias have berries too if you solve their sex problems. The two families pair well and eventually will give a new garden the solidity which it needs. Designers often suggest that up to two-thirds of a planting should be evergreen or grey in winter. That is excessive, but in January rose gardeners feel flat and short of interest if they go too far to the *other* extreme.

More immediately, I am beginning to have hopes that I will be remembered for planting a Phillyrea decora. Hilliers of Winchester, Hants, will still sell you this glorious evergreen tree whose leaves are like some glossy holm-oak's and are completely hardy on my exposed north-facing slope. Why have we all forgotten this great Victorian evergreen and only remembered *their awful spotted laurels?*

I cannot call it a quick tree. In a poor spot, mine is three and a half feet high after six years. But it has spread into a shining mass of fresh leaves in a style which I know in no other hardy rival. From 1981 onwards it is already a feature and one day it will dominate my hill. The classic holm-oak, or ilex, would be a near rival, but it is no quicker, less hardy and has leaves which are a dull green, looking miserable in mid May. As a permanent background, any of these evergreens will set off a wide border and even, I dare say, a raised bed.

If you are planning a long flowering bed against a boundary fence in 1981, I do advise you to begin by thinking of evergreen masses with which to break it up. The instant mixture of Forsythia and Buddleia is too coarse.

Personally, I have brought several gardeners round to the *gleaming* evergreen privet, the one called Ligustrum lucidum. You can clip its succulent mass of dark green leaves but it is also good if you leave it alone, treating as a foil to the bright border plants between. Seaside gardeners will know it well.

Inland, the near - hardy Mahonia called lomariifolia is another good variation which makes less of a background than a contrast. It fits particularly well into the back rows of borders against boundaries where its upright shape and ruffs of dark green holly-leaves are at their most impressive. I am sure that it is far hardier than most books imply so long as it is out of the worst winter wind.

I am planning to use it behind the taller Skimmias as the bones of a new bed given over to day lilies and paeonies. Unless these plants have a firm companion they will fall apart into flowers for a short season only.

In a month when there are few buds and next to no flowers, plans for the year ahead can be seen clearly against these central and more permanent changes. Build up your flower beds and set them off with evergreens which do not have fir cones: you will have my company in laying the bones for this sort of garden during the next year.

Sebastian V has strong claims

RACING

BY DOMINIC WIGAN

RUBSTIC, the 1979 Grand National hero, heads a quartet of veterans in today's Swinton Handicap Chase at his local course, Kelso.

One of the safest jumpers in the history of steeplechasing, Rubstic, who came to grief for the first time in a career which spans nearly 100 chases when falling at The Chair in last year's National, is likely to be a popular order.

A disappointment behind The Vintner at Haydock towards the end of November, Rubstic did far better recently in finishing fourth behind Scrunch on this course after getting outpaced approaching halfway.

Fifteen pounds below the I Say gelding, who finally became the first Scottish-trained Grand National winner after that quarter had produced nine runners-up in 40 years, is Sebastian V. He, too, has strong claims, for this has proved his favourite hunting ground with four victories to date.

In what could prove an absorbing tactical confrontation, I suspect that Ridley Lamb will be able to capitalise on Sebastian V's weight concession from the top weight and gain a well-merited success on the 1977 Scottish National winner, who a year later almost beat Lucius at Aintree.

Gordon Richards, who saddled Lucius to beat Sebastian V in the closest - fought Grand National since Specify scraped home from Black Secret in 1971, looks to be the man to follow in the three races preceding the big chase.

Pounentes, his candidate for the Coldstream Novices Hurdle, has a formidable task against Rubstic's stable companion, Tarchin. But Only Money and Final Argument who follow him on the track appear to have less arduous tests.

Sandown's five - furlong National Stakes, formerly run in July, is to be sponsored by Crouch Group on its new slot in the calendar, May 26, three weeks before Royal Ascot. The Crouch Group is contributing the maximum allowable £5,000 along with a breeders' prize of £500.

KELSO

12.45—Pounentes
1.15—Only Money
1.45—Final Argument**
2.15—Sebastian V*
2.45—Arpal Glider
3.15—Bobby Brig***

TV/Radio

BBC 1

† Indicates programme in black and white

12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Trumpton. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy in "Tragic Magic." 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Strange Affair of Adelaide Harris.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Triangle.
7.20 The Wednesday Film: "Beneath The Twelve Mile Reef." starring Robert Wagner and Richard Boone.
9.00 News.
9.25 Sportsnight.
10.30 Parkinson.
11.30-11.35 News Headlines.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 1.45-2.00 pm Mister Men. 5.05-5.40 Grange Hill. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15 Triangle. 7.40 Seconds Out. 8.10-9.00 Star Trek. 11.30 News Headlines. 11.55-12.20 am Amateur Boxing Wales v. Norway).

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 9.25–10.50 Sportscene. 11.50 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School (as BBC 1 3.55 pm).
†5.40 Laurel and Hardy in "Me And My Pal."
6.00 16 Up.
6.25 The Master Game.
6.55 When the Bough Breaks.
7.10 Grapevine.
7.40 Mid-evening News.
7.50 Just a Bit of Paper.
8.00 The Magic of Dance (Reflections by Margot Fonteyn).
9.00 M*A*S*H.
9.25 Sons and Lovers by D. H. Lawrence.
10.20 Darts: Embassy World *Professional* Championship.
10.45 Newsnight.
11.30 Darts (further coverage).

LONDON

9.30 am The Masterbuilders. 9.55 Art We Deserve. 10.40 Story Hour. 11.25 A Big Country. 11.55 Dick Tracy Cartoon. 12.00 Cleopa Castle. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon *Plus.* 2.45 *Fantasy Island.* 3.45 Definition. 4.15 Dr. Snuggles. 4.20 Runaround. 4.45 Brendon Chase. 5.15 Gambit.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Max.
9.00 Wolcott.
10.00 News.
10.30 "Where's Jack?" starring *Tommy Steele* and Stanley Baker.
12.40 am Close: "Sit Up and Listen" with Richard Easton.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline (programme for job-seekers). 9.30 Pavilion Folk 9.55 A Long Winter's End. 10.45 Patterns. 11.10 Star Parade 1.20 pm Anglia News 2.45 Young Ramsay. 5.15 Alright Now 6.00 About Anglia. †10.30 Feature Film, "The Grapes Of Wrath," starring Henry Fonda. 12.50 am The Big Question.

ATV

9.30 am The Nature of Things. 10.20 Bailey's Bird 10.45 Circus 11.10 Murphy's America 1.20 pm ATV News 2.45 Young Ramsay. 5.15 In Loving Memory 6.00 ATV News 6.05 Crossroads. 6.30 ATV Today. 10.30 ATV News 10.35 The Midweek Film: "The Hound Of Hell."

BORDER

9.30 am Friends of Man. 9.55 Inner Space. 10.25 Morning Cinema: "Swiss Family Robinson." 1.20 pm Border News. 2.45 The Love Boat. 5.15 University Challenge 6.00 Lookaround Wednesday. 10.30 Baretta. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 Young Ramsay. 5.15 University Challenge. 6.00 Channel Report 10.28 Channel Late News 10.35 The Midweek Film: "Fraulein Doktor." 12.20 am Epilogue, followed by News and Weather in French.

GRAMPIAN

9.40 am First Thing 9.45 Night Flight. 10.10 Cities 10.55 Cartoon 11.05 Conflict With Harmony. 1.20 pm North News. 5.15 Batman. 6.00 North Tonight 10.30 Feature Film: "Soylent Green," starring Charlton Heston. *12.20 am Reflections.* 12.25 North Headlines

GRANADA

9.30 am Untamed World. 9.50 Spiderman. 10.15 Chopper Squad 11.00 Sesame Street. 1.20 pm Granada Reports 2.00 Live From Two. 5.15 Welcome Back Kotter. 6.00 Granada Reports 6.25 This Is Your Right 10.30 The Wednesday Film. George Peppard in "The Executioner."

HTV

9.45 am Sesame Street 10.45 Animated Classics. 11.35 Looks Familiar 1.20 pm HTV News 2.00 Houseparty. †2.25 "Affair In Trinidad," starring Rita Hayworth 5.15 Dick Tracy. 5.20 Crossroads 6.00 Report West. 6.30 Survival 10.28 HTV News. 10.30 "Hagen."

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam 4.15-4.20 The Ugly Duckling 4.45-5.15 Straeon Y Byd 6.00 Y Dydd. 6.15-6.20 Report Wales

SCOTTISH

9.30 am Kosiusko. 10.20 Long Winter's End. 11.10 Portrait of Franz Hals. 11.25 Al Oeming—Man of the North 11.50 The Bubblies. 1.20 pm News and Road and Weather. 2.45 Certain Women. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Tove's Talk Back. 6.30 Report—Daniel Brittain reports on the state of railways in Scotland. 10.30 Late Call. 10.35 Feature Film: "The FBI Story."

SOUTHERN

9.30 am Call It Macaroni. 9.55 Chopper Squad. 10.45 Wild, Wild World of Animals. 11.15 Bailey's Bird. 11.45 Cartoon. 1.20 pm Southern News. 2.00 Houseparty. 2.25 Young Ramsay. 3.20 Superstar Profile. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East Area only). 10.35 "Staircase." starring Richard Burton.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Survival. 9.55 Show-jumping with Harvey Smith. 10.20 Friends of Man. 10.50 Stars on Ice. 11.20 Home Nursing. 11.50 Sally and Jake 1.20 pm North-East News 1.25 Where the Jobs Are. 2.45 Danger UXB 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 10.32 Fantasy Island. 11.50 Jesus and People.

ULSTER

†10.00 am Laurel and Hardy in "The Flying Deuces." 11.00 Little House on the Prairie. 11.50 Sally and Jake. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 It's a Musical World, features Jackie Trent and Tony Hatch. 11.30 WKRP in Cincinnati. 11.55 Bedtime.

WESTWARD

9.30 am The Amazing Years of Cinema. 9.55 Dinah Saur. 10.10 A Diary of Civilisations. 11.00 Sesame Street. 12.27 pm Gus Honeybun's Birthdays 1.20 Westward News Headlines. 2.45 Young Ramsay. 5.15 University Challenge. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 The Midweek Film: "Fraulein Doktor," starring Kenneth More. 12.20 am Faith For Life. 12.25 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am The Indians of North America. 9.45 "Captain From Castile," starring Tyrone Power. 1.20 pm Calendar News. 2.45 The Clearances. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 "Call Harry Crown," starring Richard Harris.

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2 7.00 Mike Read. 9.00 Steve Wright 11.00 Andy Peebles 12.30 pm Newsbeat 12.45 Paul Burnett. 2.32 Dave Lee Travis 4.32 Peter Powell 7.00 Radio 1 Mailbag. 8.00 Richard Skinner 10.02-12.00 John Peel (S)

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 pm Listen To The Band (S) 8.45 Alan Dell with Dance Band Days 9.15 Semprini Serenade (S) (Medium Wave joins at 9.30 pm). 10.00 With Radio 1. 12.00-5.00 am With Radio 2

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S) 12.03 pm Ray Moore (S) 2.03 Ed Stewart's *Request Show (S) 4.03 Much More* Music with David Symonds (S). 6.03 John Dunn (S) 8.02 League Cup Soccer Special. 9.30 Semprini Serenade (S) (joins VHF). 9.55 Sports Desk. 10.02 Wit's End 10.30 Martin Jarvis says Be My Guest 11.02 Sports Desk. 11.04 Brian Matthew with Round Midnight including 12.00 News 2.02-5.00 am You and the Night and the Music (S)

RADIO 3

6.55 am Weather 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S) 9.00 News. 9.05 This Week's Composer: The Smetana Lino (S). 10.00 Schubert Performance of the Piano Sonata in G, D.894 (S) 10.40 A Frescobaldi Mass (S). 11.10 Mozart and Shostakovich concert (S) including 11.40-11.45 Interval Reading. 1.00 pm News 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 Vivaldi (S) 4.00 Wordsworth The Prelude 4.20 Mozart and the Violin 4.55 News 5.00 Mainly For Pleasure (S) 7.00 Six Continents. 7.20 "The Chakravaka Bird" Song-drama by Anthony Gilbert (S) 8.45 Scientifically Speaking. 9.15 Scriabin's Piano Concerto (S). 9.50 Shakespeare's Sonnets 9.55 Haydn and Dvorak (S) 11.00 News. 11.05-11.15 Strauss (S).

RADIO 4

6.00 am News Briefing 6.10 Farming Today. 6.25 Shipping Forecast 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News 9.05 Midweek. Noel Edmonds and Company 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service 10.45 Morning Story 11.00 News. 11.05 Baker's Dozen (S) 12.00 News. 12.02 pm You and Yours 12.27 Joke by Joke by . . . Art Buchwald (S). 12.55 Weather; programme news. 1.00 The World at One 1.40 The Archers. 1.55 Shipping Forecast 2.00 News 2.02 Woman's Hour at the National Theatre. 3.00 News 3.02 Afternoon Theatre 3.50 Through My Window with Malcolm Muggeridge 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM: News magazine 5.50 Shipping Forecast 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 What Price Astrology? 7.45 Listening to War: Alvar Lidell narrates the story of the BBC's Monitoring Service during the Second World War. 8.45 Analysis—in conversation with the Rt. Hon. Roy Jenkins 9.30 Kaleidoscope 9.59 Weather. 10.00 The World Tonight. 10.30 Old Took's Almanac (S). 11.00 A Book at Bed time: "Lord Jim" by Joseph Conrad 11.15 The Financial World Tonight 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

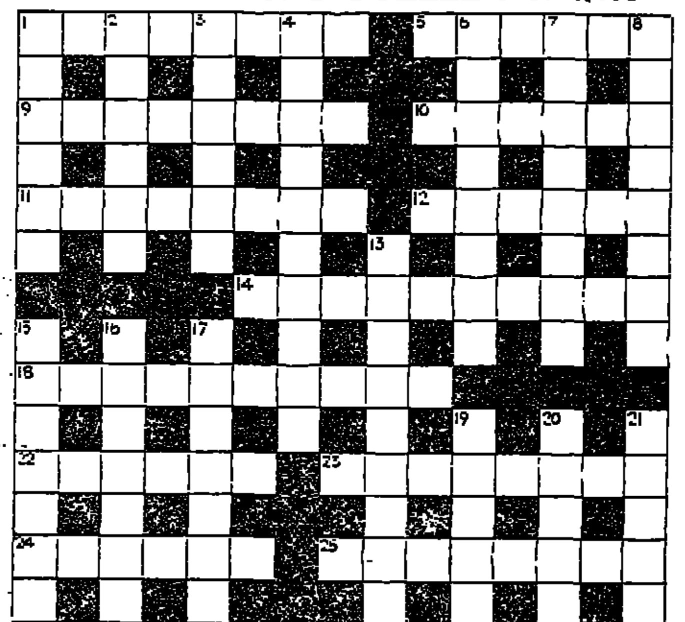
London Broadcasting

6.00 am AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes 12.00 LBC Reports. 7.00 pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene continued. 3.00 Roger Scott 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,468



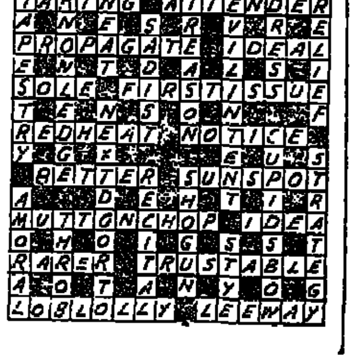
ACROSS

1 Shell taking motor at a great speed (8)
5 Fail in this way to back exam (6)
9 Once in a number of years (8)
10 *Toughen girl with a loss-*leader (6)
11 What gets in the way of best coal production (8)
12 Of course way is most reliable (6)
14 Stop hiding chance to insure (5, 5)
18 Like heavyweight to house footballers (5, 5)
22 Club chauffeur (6)
23 A piece of church music about a detested thing (8)
24 Old boys mixed up in maul (6)
25 Interest (genuine) of the stars (8)
26 Just before newsman was squared (6)
27 Flower found in palliasse (8)

DOWN

1 Players being broadcast start knitting (4, 2)
2 Negligent soldiers fail to reach target (6)
3 Cup valet takes to bartender (6)
4 Turned up then left to bring up caravan (5, 5)
6 Give up right to two points lead over lightweight (8)
7 Guard in front of minister (8)
8 Stray oil somehow quite separate (8)
13 Go along with family decrease (4, 2, 4)
15 Firm goes to Herts town for computer equipment (8)
16 Striking position (8)
17 Feelers put out by a National Trust girl upset over egghead (8)
19 Force way over ship (6)
20 Half 26 always seen in thin topcoat (6)
21 Green state of America gets depressed (6)

Solution to Puzzle No. 4,467



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. [illegible]

[illegible]

THEATRES

ADELPHI. [illegible]

[illegible]

THEATRES

HAYMARKET THEATRE ROYAL. CC. [illegible]

[illegible]

THEATRES

STRATFORD-UPON-AVON. Royal Shakespeare Theatre. [illegible]

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

THE ARTS

Television

No time for the epic

by CHRIS DUNKLEY

There is, as far as I can make out, a greater variety of television drama on offer in Britain than anywhere else in the world. There seems, moreover, to be a greater quantity here than anywhere else. Furthermore, British programme-makers appear to turn out more really high-quality material than anybody else.

Though you certainly see very good modern drama on German, Swedish, Dutch and Danish television, slick and expensive sentimental stuff in France, and the world's most popular filmed action drama continues to come from the U.S., British viewers are still easily the best served, judged by that combination of quality, quantity and variety. Yet despite that, one thing seems sadly missing at all levels: epic quality.

There is, of course, much else to be savoured; in fact the new year, although only a fortnight old, already looks stronger in drama than its predecessor. I am getting immense enjoyment from Christopher Hampton's adaptation of Malcolm Bradbury's hilarious *History Man* on BBC2, a sort of anti-matter counterpart of *The Glittering Prizes*. Perhaps those Habitat revolutionaries, the dreadful tribe of sociologists and jargonauts who colonised the white-tile universities in the '60s and '70s make rather an easy target. Certainly this satire has captured with seeming ease the grandiose gratuitousness with which they dished out Marx and marijuana, Marcuse and Mâcon.

But nobody has really attempted it before: one's relish is at finally seeing the shallowness of the thinking revealed and the hypocrisy nailed. The casting under producer Michael Wearing and director Robert Knights is inspired, and although all the best lines are pure Bradbury some of the best business is (I think) television's: for instance the pathetically bandaged Henry dragging his coat from the maws of the lift gates and shooting across the corridor in a heap.

Playing For Time — not British but American, and one of the best television programmes ever to come out of the U.S.—was built around a painfully intense and moving performance from Vanessa Redgrave as Fania Fenelon, the French singer in the bizarre Auschwitz orchestra. Her terrifying saga did have aspects of the epic.

Arthur Miller's screenplay from Fenelon's own memoirs provided no answers to the appalling doubts raised by those who ran the concentration camps, but it forced you to confront all the right questions: how do you come to terms with the fact that Mengele and his ilk were (and are) human beings? Is there any moral difference between prostituting your body and prostituting your musical talent if your life is the price? *Kitty, Return To Auschwitz* told us more about concentration camps, but less about moral agony. One way and another television is doing an invaluable job in warning millions of members of a new generation about the death camps.

Les Blair's long, slow, often ineffectual, yet still engrossing Play For Today *Beyond The Pale* about the arrival of Jewish immigrants in London's East End at the turn of the century sought to show how Nazi style intolerance and inhumanity can emerge either insidiously from detailed, educated "analysis" or violently from ghastly social conditions. Both *Beyond The Pale* and *Playing For Time* were thoughtful, and both were impressive, but neither set out with the primary purpose of entertainment which epic fiction does.

A new series of *The Little World of Don Camillo* on BBC2 certainly seeks to entertain, rather too obviously perhaps, and it also exploits that confrontation between the practical world and belief in the supernatural which so often lies near the centre of epic drama. It does so, however, in an entirely trivial way ("I'm not a private detective," says God pettishly in voice-over) and this version serves mainly to remind one of the charm of the fifties Fernandel series.

BBC-1's new twice weekly soap opera *The Triangle* attempts nothing but entertainment: it is *Crossroads* with a propeller and funnel and a Mongolian version of Sophia Loren named Kate O'Mara playing the poor little rich daughter of the fleet owner. It may be my imagination that when asked why she had been lounging topless in a freezing wind on the officers' bridge deck she replied: "It seemed a good way to book an audience," but those hooked will no doubt stay with it in millions. It is concerned entirely with the minutiae of routine personal relationships whereas epic fiction never is.

When you deplore the absence of epic material it is sometimes assumed that you must be hankering for television adaptations of The Odyssey and Paradise Lost (not altogether a bad idea). But one does not need to go to such putatively highbrow work to find epic quality: it exists in a mass of middlebrow and even lowbrow material from films such as *Star Wars* to books such as *Watership Down*. It does not, however, exist at present on television, and the reason is surely intimately associated with the sudden appearance of all those plays and series about soppy ineffectual men and tough domineering women.

Anthony Sher (Dr. Kirk) and Geraldine James (his wife) in The History Man

Epic quality is closely connected with masculinity. It is usually concerned with the achievement of an ideal, frequently an abstract ideal, though quite often the accomplishment of a difficult journey or the overcoming of fearful physical hazards. Down the centuries epic fiction has projected its heroes to the edges of the known universe: beyond the familiar oceans in The Odyssey, beyond the sides of the galaxy in Star Wars.

One may not be happy with the fact but like the bulk of great poetry, great philosophy and great music, most great epics from the Norse sagas and Pilgrim's Progress to Lord Of The Rings and Apocalypse Now have been created by men. The reason for this may be nature or nurture, this is not the place to go into that. As a fact the domination of such work by men is inescapable, but television has moved much faster than any other part of our society into an era of feminism.

Feminine fiction is characterised more often than not by being inward looking or preoccupied with close personal relationships between individuals (think of Jane Austen or Margaret Drabble) rather than outward looking and concerned with political or military relationships between large groups and humankind's relationship to the physical universe and the gods.

For a long time Western series regularly provided television with elements of the epic. Not all Western plots fit the category but many do with their stories about overcoming physical odds or battles between Indians and colonists or confrontation between good and evil.

When they vanished police series took their place and epic quality shrank into shorter supply. The Westerns had begun to push individual relationships to the fore and the police series often took the emphasis further.

Now, with the age of television feminism upon us, we have a new stereotype: *Juliet Bravo* which gives us Inspector Jean Darblay and an insistent emphasis on personal relationships. The war between good and evil, truth and lies, law and chaos is still there in the background but the foreground is taken up with the question of how this person "relates" to that person.

More recent still and perhaps even more firmly within the stereotype is *Nanny*, a BBC1 series written by Terence Brady and Charlotte Bingham and produced by Guy Slater with Wendy Craig in the eponymous role. It seems from episode 1 that she is to move to a new job each week, presumably allowing us to look into all sorts of different homes in the England of the nineteen-thirties. The opening episode showed Nanny in the shires working for an MP and his wife of such monstrous insensitivity as to be well within the realms of parody. The cars, furniture, and costumes all looked dead accurate though.

Nanny is about as far away as it could be from epic drama. The only series currently running on television which gets anywhere near the sort of material I mean is, ironically, a completely intentional parody: *The Hitch Hiker's Guide To The Galaxy*. Having been a radio series, a book, and a stage production it arrives on the small screen with a huge reputation to uphold. Thanks to Douglas Adams doing his own adaptation, Peter Jones being cleverly chosen for the narrator's voice, and Simon Jones and David Dixon being — once again — superbly well cast as Arthur and Ford Prefect, it does so, gloriously.

Deep space is an obvious venue for the modern epic, and *HHGTTG* is a work actually concerned with The Ultimate Answer (which, for anyone still in the dark, is 42). But there is something very poignant about an age and a medium which can *treat the epic only as a joke.*

*

According to a book of extracts from Parkinson chat shows published in 1975, Malcolm Muggeridge when appearing some time previously had made his usual attack on the medium of television, indicated his embarrassment about sex and declared that the best definition of humour was "an expression in terms of the grotesque of the preposterous disparity between human aspiration and human achievement."

When I watched the show in October 1979 Muggeridge made his familiar attack on television, waxed embarrassed about sex, and stated that the best definition of humour was "an expression in terms of the grotesque" etc.

When, like a dutiful critic, I switched on *Parkinson* again last Wednesday to make a periodic check I could scarcely believe my eyes to find Muggeridge attacking television and manifesting embarrassment about sex. The anticipation was painful: what about a definition of humour? No need to worry. Humour, declared the old poseur, "is an expression in terms of the grotesque" blah, blah, blah—word for word.

It suddenly occurred to me that Muggeridge might, unknown to irregular watchers, be a fixture on the show, wheeled in every single time to croak out the same cantrip, so I watched again on Saturday. No Muggeridge. Instead there was Clive James, television critic of the Observer and surely the funniest journalist in this country today. He is one of the few "guests" for *whom I would choose to switch* the show on; as he proved when he went on Parkinson to plug his autobiography, he is so much better than his host is at the whole thing. (His own flattering remarks about Parkinson in his previous week's article marked a rare if understandable attack of Nelsonian blindness.)

But, dreadful to report, James too is now suffering from an incipient case of Michael's Disease and is busy developing a Parkinson ritual. Instead of television, sex and humour James's involves sex, his chin and the back of his head. One quite appreciates the attraction of Parky plugs: they are longer and cheaper than commercials. But it is saddening to see a man of James's wit following Muggeridge down the road to performing sealdom.

St. John's, Smith Square

Cherubini and Gardelli

Cherubini, the "conservative revolutionary" (in Basil Deane's phrase): "extremely high-strung, abrupt, irritable, completely independent" (as described by Adam): whose *Médée* "we musicians regard among ourselves" (said Brahms) "as the summit of dramatic music"; whom Beethoven named greatest living composer—Cherubini ranks at the highest level of composers beloved of musicians and musical minds, ever slow to insinuate themselves into the affections of the general public. The vogue for *Médée* seems to have passed since Callas's great days. (How I wish Covent Garden would revive the work—but in French or English, not in Italian, and with the original spoken dialogue.)

Of the church music, the two settings of the Requiem, notably the first, in C minor, have been kept from complete neglect by the espousal of leading Italian conductors — Toscanini on record, in recent decades Giulini and Muti, and now Lamberto Gardelli, who on Monday gave, with the London Choral Society and the Wren Orchestra, the C minor Requiem. The performance was slightly different from those remembered at the Festival Hall being offered with smaller than usual forces, in a hall whose reverberant acoustics lent the proper glow to the chaste, exactly calculated combinations of voices and instruments. It was a performance both intimate and grand, firmly shaped and responsive to fine detail; Cherubini's austere *reputation may not have been* put to flight thereby — nor should it, indeed—but I find it hard to imagine an audience exposed to such a noble experience and still deaf to the calm beauties of the work.

The music looks plain on the printed page; and unless unfolded with those interpretative qualities we deem "classical"—steady pacing, rhythms firm but never rigid, an ability to grade the importance of detail within the larger musical progress—it can on occasion retain a plainness of sound. The melodies, strictly moulded, and lacking any element of display, do not immediately seize the attention. Though there are fine strokes of drama (the gong and the string scurryings of the "Dies irae"— is it, I wonder, too fanciful to hear therein a distanced memory of the Terror?), these are likely to be less vividly recalled than the marbled severity of the Larghetto "Pie Jesu," where each note, each harmonic movement stands in bare and proud relief. This Requiem was commissioned for a great occasion of state (the commemoration of the execution of Louis XVI): unlike the later D minor Requiem, for male voices, the predominant note sounded is not of unrelieved sombreness. Yet the "Agnus Dei," slipping into silence after choral murmerings on a single C, leaves behind a profound, and rather disturbing impression.

Gardelli drew from his forces the manner of playing and singing on which Cherubini's special distinction thrives. Once or twice, single soprano voices obtruded from the choral texture: the tenors could not muster the forward projection of an equivalent French group; the start of the "Dies irae" found the brass momentarily over-excitable. The luminous sound of the final two movements, voices and instruments joined with unforced, unhurried clarity and accuracy of placement, was both remarkable and apt. May we hope that the same forces can be gathered once more for the D minor Requiem?

The first part of the concert served to introduce Gardelli as composer-conductor. *Johanne's Portrait* (1979) was written in memory of a beloved mother-in-law. It was heard, on a single (scoreless) encounter, as a kind of orchestral rhapsody with prominent flute solo, about 25 minutes in length, lush in sonority and for most of its course lushly tonal—first and last sections rely heavily on the sumptuous effect of unrelated triads. A central storm and an uneasy whole-tone passage *in tempo di Valzer* are more "modern"; given the training and the career of this noted opera conductor, it is hardly surprising that the music should turn out to be of a kind Puccini might have written had he continued to follow the avantgarde musical trends of his day, and had he heard some of Mahler's symphonic *Adagio* or *Adagietto* movements more frequently. The effect, on this occasion, was at once derivative and honest—even, oddly, quite moving.

MAX LOPPERT

Falstaff at La Scala

by WILLIAM WEAVER

Though *Falstaff* was officially a great success at its premiere at La Scala in 1893, it was not revived until six seasons later; it then disappeared from the repertory of the house for another seven years. And ever since, among Verdi's major operas, it has always represented a special case, a work more respected than loved.

Toscanini did love it, and so did Victor De Sabata. These two conductors were responsible for the large majority of Scala *Falstaff* performances in this century, performances dominated—between 1921 and 1951—by the unforgettable presence of Mariano Stabile in the title role. There were three not very distinguished productions in the 1960s, then after the 1966-67 season, again *Falstaff* was shelved.

So La Scala's decision to open the current season with a new production of Verdi's last opera was brave, especially since it also involved an almost unknown young Spanish baritone, Juan Pons, in the title role, and Lorin Maazel — world-famous, of course, but not a Scala regular—as conductor. On the other hand, the theatre's artistic direction held a high trump: the producer Giorgio Strehler. Still, until the last moment, the outcome was uncertain. The result, happily for La Scala and for *Falstaff*, was a heady, but solid triumph.

Vocally, the opera requires an imposing baritone for the title role; for the other interpreters, employed so frequently in ensembles, musicality is more important than lung-power. The Scala cast was, *in fact*, a splendid team, with Pons literally towering over the performance. Several Italian newspapers have referred to him as Stabile's successor.

This description is misleading, because never were two artists more different. But the prophets are probably right in one sense: Pons has already made the role his own as nobody else has at La Scala since Gobbi; already exciting, his interpretation will surely grow even richer

First of all, Pons has a big voice and he sings all the notes, resorting to parlato only when absolutely required by the score. Obviously, he uses make-up to add to his age; but his Falstaff is not an old man, still less a grotesque. It is not absolutely inconceivable that a younger woman might find this decayed knight attractive, and so Ford's jealousy is explicable, justified. If Strehler occasionally makes his Falstaff strike a pose that is more plastic than dramatic (as at the end of the "Onore" scene), this can eventually be eliminated.

The rest of the cast did certainly include a few stars (with Mirella Freni in the unfamiliar part of Alice rather than that of Nannetta), but they were all marvellously coherent, as if fused into a single instrument. Only Bernd Wiekl suffered an occasional rhythmic lapse, though he was in splendid vocal estate and acted Ford well. Patricia Wise was a sweet, adolescent Nannetta, opposite the tender Peter Kelen, a lyrical, callow Fenton. As Quickly, Jocelyne Taillon mercifully avoided the usual hamming. The same, unfortunately, cannot be said for Sergio Tedesco's Pistola. But, for the most part, Strehler kept the gags within acceptable limits, and his staging was in harmony with Maazel's sensitive, taut, but never rushed conducting.

Even under Abbado, the Scala orchestra has never played better: fresh, delicate, in awesome unison. Beautiful details emerged with unusual clarity, but never at the expense of the total architecture of the score. In short, the music flowed as naturally as a sparkling stream.

That stream, however, was not the Thames. Strehler and his designer Ezio Frigerio decided to set their *Falstaff* in the rich agricultural plain of the Po valley, where much of the music was composed. The Garter was a rustic *osteria* (where you would be more likely to drink Lambrusco than sack); the garden, a vast farmyard littered with straw, in which Nannetta and Fenton had an amorous roll; Herne's oak loomed from the mists on the shore of the Po itself. Some of the scenes were magical—the last especially—and all were handsome; but, as always with these producer's transpositions, there were losses. The interior of Alice's house here became a loggia, and from the hamper Falstaff seemed to fall into a convenient pond. Some of the costumes, too, were jarring, influenced by Dutch painting. Still, the production was always a delight to see, and even the most reactionary Verdian would have to admit his enjoyment. One genuine irritation, however: Strehler's imaginative lighting too often made the singers' faces impossible to see; and this darkness became downright absurd when Alice stepped forward to sing "il viso tuo su me risplenderà," her radiant face invisible in the shadows.

I am unable to report at length on the world premiere of Sylvano Bussotti's *Le Racine*, subtitled "Pianobar pour Phèdre," which took place at the Piccola Scala two nights after the first *Falstaff*. The work consists of a prologue, three acts, and an intermezzo; but I am afraid that, at the first interval, after the prologue and first act, I fled from Bussotti's imagined bar to the genuine article.

On the basis of my hour's worth of *Le Racine*, I can say this much: Bussotti's taste for sequins, rhinestones, gold jock-straps, male nudity, plumes and gewgaws continues unabated. Though his music is often described as refined, delicate (etiolated might be a better word), his visual taste is of an unrelenting vulgarity. The admirable Elise Ross (excellent Marie in Scottish Opera's *Wozzeck*) seemed wasted as Madame, proprietress of the bar in question; and the actor-mime Rocco, prancing like a naughty child dressed up from Granny's trunk, was beyond tolerance. I was not the only fugitive.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	§14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.

Elizabeth Hall

Guarneri Quartet

by ANDREW CLEMENTS

It seems we must resign ourselves to a ration of only one South Bank appearance each season from the Guarneri Quartet. Monday's recital was fitted into the continuing "Mainly Mozart" series, inappropriately as it happens, for the Mozart quartet they gave us (the C major K.465) was by a considerable measure the least satisfying performance of the evening.

As distinguished string quartets move into middle age one waits anxiously for signs of *infirmity. The Guarneri should* be now at the height of their powers. The extremely brilliant and sometimes superficial performances of their early years (including, unfortunately, their recorded Beethoven cycle, committed to disc at least a decade prematurely) gave way to super-smooth, luscious playing, remarkable in its own way, and in recent years there have been signs that depth had been acquired, that the group was going to enjoy a rich and rewarding maturity.

But much of Monday's Mozart made one fear the best was past, that performances from now on would be hedged around by insecurity. The opening Allegro was stolid, awkward in its dealing with the second subject's triplets, the Andante tentative in its placing of detached chords and nervous of rests; the finale lacked any glitter and made heavy weather of semiquaver passages that one would expect this of all quartets to dispatch with a minimum of *effort. Yet in retrospect* the performance may be forgotten as merely a warming-up exercise to the main business of the evening. Berg's quartet Op. 3 was delivered with a biting intensity. Its short-lived motor rhythms were hammered with an energy more often heard in Bartok while the interleaved sections of the first movement flowed one into another with a naturalness that gave hope yet for the quartets of the Second Viennese School within the standard string-quartet literature—they have waited long enough for their naturalisation after all.

Uncertainties still in the placing of some of the treacherous harmonics that litter Berg's score; the leader Arnold Steinhart in particular had trouble when directed to play on the bridge of his instrument. But the Guarneri finished their recital with a glorious, technically perfect account of the first of Beethoven's Rasumovsky Quartets. They still have a tendency to take the first movement as a sleek, one-paced piece, but now the playing is infinitely variegated with nuance. The scherzo had, it seemed, every phrase individually and differently shaped, the Adagio was hymned in simple, apparently endless lines. The finale provided the synthesis of all the group's finest qualities; they lack now only a touch of deflating wit to be rated in the highest category of all.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday January 14 1981

Good plans—bad algebra

THE HOUSE of Commons turns its attention today to the practical result of Mr. Michael Heseltine's restructuring of local authority finance; and if all goes according to the usual pattern, many columns of Hansard will be filled with the angry grievances of particular local authorities, with no result at all. This will be a pity: because Mr. Heseltine appears, with the best of intentions, to have produced the worst of results, and his supporters in the House should be concerned with salvage.

The plan started off with three aims, all of which we strongly support. The first was to increase the incentives for economy by tapering off central government support for local spending once a stated limit was passed. The second was to provide greater scope for local decision by allowing almost total freedom, on the capital side at any rate, for decisions on how to spend this more tightly constrained total. Since much of local authority current spending covers the provision of services which are a statutory obligation, the scope for freedom here is necessarily limited. Finally, Mr. Heseltine wished to make the system of local authority finance comprehensible, by measuring local needs on a declared basis, and publishing the sums so provided.

Marginal decisions

In an ideal world, this approach should make it possible to provide a declared and immutable sum for each authority, on a clear basis, and leave marginal spending decisions entirely as a burden or relief for local ratepayers—the perfect combination of discipline and freedom. In the real world, the outcome is very different.

Some of the problems are at least fairly easy to understand, even if they remain difficult to solve. In a time of inflation, any cash allocation is bound to be contentious. When the Government is at the same time calling for "real" cuts, and is still further making a small cut in the percentage of spending financed centrally, ratepayers on average are almost bound to suffer; if rates rise as a result of the plan this is regrettable, but does not of itself condemn the attempt.

However, there are further and more intractable problems, compounded with sheer maladministration. The policy issue, which Parliament should certainly examine, is this: there is an underlying assumption that high local expenditure will mean a heavy burden on local voters, but this is not always the case.

Partly because the local rate is a bad tax, and partly because it is regarded, on no very clear evidence, as regressive, Parliament has taken steps to temper the wind to the domestic ratepayer. The poorer ratepayers get a direct rebate, and the rate burden for all domestic ratepayers is reduced by nearly one-fifth by a Treasury contribution. The result is that in some local authority areas, the majority of the voters benefit from a high rate of spending, at very little cost to themselves, and vote for it. The conditions for self-discipline are absent. This money would be better spent on high fixed grants to the authorities.

Rebates

However, the problems of local incentive and of assessing local needs objectively are nothing compared to the administrative muddles. A detailed analysis would be impossible here, but at least the main problems can be outlined.

First, the Department has expressed its measurement of needs through some form of algebra which means that the relation between assessed needs and resources and the actual money paid out is impenetrably obscure. So far from producing a clear system, Mr. Heseltine has achieved one which appears almost wholly arbitrary. Secondly, and partly to allow for known imperfections, individual grants are not fixed, but still partly related to expenditure; yet the total of all grants is fixed by cash limit. This is an open provocation to over-budgeting, since authorities expect to get only a proportion of their "entitlement." So much for economy.

Guesswork

Finally, the grants paid in the end will be related not to budgeted but to actual expenditure, not just in one authority, but in all the 456 special cases created by this "reform." Cash adjustments will stretch over more than two years. Financial control and rate-setting is therefore at the margin a matter of virtual guesswork, soured by the knowledge that the sins of the extravagant will be visited on the thrifty.

Tax, savings and inflation

RAPID INFLATION can wreak havoc even with the best-designed monetary and financial systems. This is the unifying theme in yesterday's lecture on the British financial scene by the Deputy Governor of the Bank of England, Mr. C. W. McMahon. Superficially, it may seem so obvious as hardly to need stating, but as Mr. McMahon shows, the precise ways in which inflation has distorted the operation of financial institutions, tax structures and economic relationships that were established in non-inflationary times are too often overlooked. Yet they have had pervasive effects on economic policy and performance. There are important lessons in Mr. McMahon's analysis for the Government as it reviews its economic strategy and prepares the Budget.

Imbalances

One of the central problems of British economic policy since the early 1970s has been to find ways of dealing with the huge financial imbalances which have developed between the personal, the corporate and the public sectors. The jump in the personal sector's financial surplus, from around 2 per cent of GDP in the 1960s to over 5 per cent in the late 1970s, has been accompanied by large increases in the deficits of government and industry. Financing these deficits in a non-inflationary manner has been the main task of monetary policy for some years, while trying to reduce the government's deficit has been a major fiscal aim.

But, as Mr. McMahon points out, the imbalances themselves are largely the consequences of inflation. If the effects of inflation on the real value of assets is taken into account, the large surpluses of the personal sector are all but wiped out, because of the depreciation of their monetary assets. Financial companies fare even worse, but both the industrial and the government sectors move into surplus since they are the beneficiaries of the other sectors' losses.

At the same time, inflation has made even more daunting the task of monetary recycling which the financial markets have to perform in order to finance Government deficits outside the banking system. Mr. McMahon has picked out two particularly important ways in which inflation and Government policies have interacted and made the task of recycling more difficult.

Firstly, the tax concessions introduced by successive governments to encourage particular kinds of savings have, in a period of rapid inflation, far outgrown their original purposes. When nominal interest rates are high the tax concessions for mortgages, life assurance and pensions loom very large in personal savers' investment decisions. The channelling of savings into housing finance has had a distorting effect on the banking system and may have contributed to inflation in house prices, while the displacement of personal investors by institutions in the stock market has probably forced small companies to increase their reliance on bank finance. Even more importantly, he might have added, these tax concessions have eroded the income tax base and hence increased the government's difficulties in controlling its deficits without resorting to excessive tax rates.

Index-linked

Secondly, and partly as a result of the diversion of savings to the institutions, governments have relied very heavily on the sale of fixed interest securities in the stock market in order to fund their deficits. This practice has exacerbated the effects of inflation on long-term interest rates and has practically closed the bond market to corporate borrowers. But as corporations have resorted increasingly to the banking system for medium-term, as well as short-term, finance, monetary problems have multiplied. The Government's decision to compete more aggressively for retail savings with it's index-linked Granny bonds is welcome. More radical steps which Mr. McMahon did not mention, including, perhaps, the issue of marketable index-linked securities, may still have to be taken.

THE U.S. CAR INDUSTRY

Chrysler and the merger option

By Ian Hargreaves in New York

AMONG THE errors made by American politicians in their handling of the Chrysler affair in the last 18 months, one of the more obvious is Section 5, Clause 8 of the Chrysler Corporation Loan Guarantee Act.

This clause of the Act which authorised the $1.5bn in Government loan guarantees which enabled Chrysler to survive 1980, states that guarantees may only be issued "providing that there is no substantial likelihood that Chrysler will be absorbed by or merged into any foreign entity."

By now, even die-hards for the Chrysler cause, like Mr. William Miller, the outgoing Treasury Secretary, have begun to admit that such a merger or at least joint venture is Chrysler's only prospect of longer term survival.

"It would be desirable for Chrysler to ally with another auto company to build a world car," said Mr. Miller last week, as he emerged from yet another meeting of the Government board which is now considering whether to release another $400m of guarantees, on top of the $800m the company has already drawn.

Mr. Miller's conversion almost certainly implies that the concept of a Chrysler merger is something the Reagan Administration is also prepared to explore, given the extensive exchanges of views which have now taken place between the old and the new teams. Indeed, it seems likely that the new Administration will not oppose the drawing of the $400m, in order to give themselves time to pursue the merger option.

Meanwhile Mr. Reagan's more right-leaning advisers are urging him to dump Chrysler into immediate bankruptcy, a suggestion that Chrysler counters with the argument that it is once more a victim of circumstances. Record interest rates have driven the U.S. car market into its second slump within a year, the second dip coming just as Chrysler was spending millions of dollars urging Americans to buy its new K-body compact cars.

Chrysler, however, has also made matters bad for itself. It priced the K-car too high and then compounded the error by shipping to dealers a predominance of the still more expensive luxury versions, leading to a huge stockpile in dealer showrooms in late November.

The company's forecasting ability has been alarmingly bad. The company forecast a loss of $746m last year. The actual figure will be close to $1.8bn. It planned for a market share of 10.2 per cent, rising to 11.1 per cent in 1981. It achieved less than 8 per cent, rising to just under 9 per cent if the company's captive imports of Mitsubishi cars from Japan are counted.

Many more illustrations are available, but the relevant point, as a new administration casts a fresh eye on the situation, is: what does Chrysler amount to now?

The main items on the prospectus being assembled by Mr. James Wolfensohn, the Salomon Brothers' executive who has been given the task of finding a partner for Chrysler, are those on the left hand side of the illustration.

A BUYER'S GUIDE

ASSETS

- Physical assets of Chrysler Corporation: 3 modernised assembly plants making small cars, one modernised engine plant and two modern transmission plants, plus associated stamping plants. Value uncertain, but probably at least $1.2bn.
- Chrysler Financial. Value $500m.
- Defence activities $50m.
- Fifteen million Americans own Chryslers and may want to replace them.
- An 8 to 9 per cent market share of the largest car market in the world.
- Union agreement on lower wages than those paid to domestic competitors.

LIABILITIES

- Over $3bn of debt (excluding Chrysler Financial's debt, but including $800m owed in loans guaranteed by the U.S. Government.
- Book value of under one dollar per share (estimated) and close to negative net worth.
- Losses of $1.8bn (estimated) for 1980 and likely heavy losses to come.
- Neglected capital spending. A year ago, Chrysler said it planned to spend $12.2bn between 1980 and 1985 to modernise its plants. Existing plans have cut that figure to $7.8bn.
- Four obsolete car and truck assembly plants and various other obsolete components plants.
- A blemished name, while again suffering because of the uncertainty over the political debate about Chrysler's future.
- A huge unfunded pensions liability and heavy redundancy costs.
- Poor management record, which although improved somewhat in the last year, must have suffered more from recruiting problems.

The values assigned to the bits of hardware are rough estimates made by various experts during the time of the Chrysler crisis. If they are all added up, the obvious point can be made that Chrysler has more debts than assets, if we count only the company's more saleable assets.

In reality, the company has already very nearly diminished to become this rump. Today it has fewer than 85,000 active North American employees, compared with 160,000 two years ago, and of its 25,000 assembly line workers, 15,000 work either on the K-car or the Omni-Horizon. The remaining 10,000 work in obsolete plants building near-obsolete vehicles. Unfortunately, almost the entire Canadian operation comes under this heading, which is one reason why the Canadian Government has offered aid to the company from 1982, only on condition that something is done to remedy this situation. Chrysler Canada, at this point, may well be close to being a write-off.

Of course, the old William Miller argument was that if you got rid of the obsolete parts and turned Chrysler into a manufacturer of small cars only, the company would work, even generating enough cash to complete its modernisation without Government help beyond 1984. But Mr. Lee Iacocca, Chrysler's chairman, began last autumn's congressional hearings by arguing that this was nonsense, because the resultant company would be too small to compete, would have its margins squeezed by larger competitors on volume cars and would lack more lucrative models higher up the range. Mr. Iacocca, before he changed his tune to fit the politicians' needs seems to have been right.

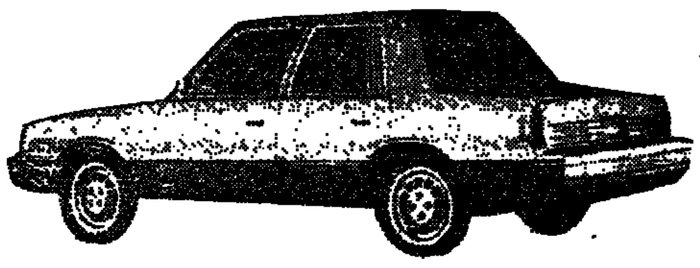
At any rate, Chrysler is close, operationally, to becoming a company with, say, 60,000 North American workers, producing about 500,000 cars a year, which would make it smaller than Toyota in the U.S. market.

That is the package which is really for sale. But who will buy it?

General Motors has all the capacity it needs for small cars and could never have been a contender, as there would also be an anti-trust problem. Ford, however, ought, in theory, to like the look of the K-car production facilities as it needs a new car in that size range by 1984-85 (actually, it could do with one right now) and is not sure where to get it from. That is why Ford is talking about a joint venture with Toyota.

But Ford has looked at Chrysler and decided, at least for the present, the answer is "no." The reasons range from a lingering personality rivalry between Mr. Iacocca, once president of Ford, and existing top Ford management to Ford engineers' analysis of the K-car, which concluded that it is more a quick copy of the GM X-car than a model for blazing trails in the 1980s.

But beneath these detailed arguments, one suspects, lies the conclusion, only arrived at in recent months, that there is too much capacity in the U.S. motor industry. If imports are going to retain about a quarter, or even a fifth of the market—and there is absolutely no sign that they will lose this—Ford and GM can build all the cars America needs.



THE K-Car: Chrysler priced the car too high and compounded the error by supplying dealers with a predominance of the still more expensive luxury versions.

When it comes to possible foreign buyers, two names are always mentioned: Peugeot and Mitsubishi.

There is no doubt that two years ago Peugeot was positioning itself for a possible swoop on Chrysler, should the price ever be right. It bought Chrysler Europe in 1978 for $1 and could yet find itself with a similar offer in the case of the Chrysler Corporation, once it is shorn of Chrysler Financial, Chrysler Mexico and the defence business.

But in the past year Peugeot's losses have mounted as it has struggled to digest Talbot (the new name for Chrysler Europe) and the feeling is that with state-owned Renault, for all intents and purposes now the owner of American Motors, the Number 4 U.S. motor company, and struggling to make a go of it, the French may have enough on their plates.

However, Chrysler and Peugeot have already made extensive technological exchanges and discussed possible joint manufacture of a Peugeot-designed car in the U.S. Finance looks like an insuperable problem (even if the price was $1) given Chrysler's modernisation needs, but Peugeot cannot yet be counted out.

If the answer from Peugeot is "Yes, but," the answer from Mitsubishi is "No, but." The huge Japanese company (Mitsubishi Heavy Industries, had sales of over $10bn last year) has been linked with Chrysler for a decade and one in five Chrysler cars sold in the U.S. last year was a re-named Mitsubishi. But the Japanese company has been trying to distance itself from Chrysler (which owns 15 per cent of Mitsubishi Motors, an MHI subsidiary) for months, in order to set up its own dealer network. Mitsubishi must blame Chrysler dealers for the fact that Mitsubishi was the only large Japanese importer last year to lose market share.

This suggests that Mitsubishi's objective is to become a straightforward importer, but there may be more to the strategy than meets the eye. Mitsubishi also sells a lot of components to Chrysler (including engines) and could be willing to at least participate in some kind of rump company.

Other Japanese car makers are also mentioned occasionally, but there is at present little incentive for a Japanese company to take on anything as problem-ridden as Chrysler, even if its debt were wiped out, when they can manufacture more cheaply in Japan and keep the added value of their products at home. That could change if Mr. Reagan turned protectionist on cars.

The administration, if and when it decides to reorganise Chrysler, with or without the aid of the legal playing for time involved in bankruptcy, will also have to decide what to do about the various vested interests involved.

As in any bankruptcy, these interests are those of the shareholders, the lenders and the workforce.

The shareholders will, without doubt, be dismissed, just as they would be last in line in a bankruptcy settlement and so would get nothing in the case of Chrysler. There has been a fair swell of speculation in Chrysler stock in the last year, which took it to more than $8 per share at one point, giving anyone but the most ardent gambler plenty of opportunity to get out. It is now around $5 per share.

The lenders are going to be making a good deal of noise, but they are less troublesome than last time around because the better informed of them know that in the initial settlement last spring, they made the crucial breakthrough in separating off and thereby protecting their loans to Chrysler Financial, which at the time owed more than Chrysler Corporation.

The struggle now going on to get the banks to convert over $600m of debt to equity as part of Chrysler's request for the extra $400m loan guarantees is, in truth, academic, because the $1.6bn the banks have lent to Chrysler is lost, and most of them know it.

Of course, it will not be that simple, and, as soon as any potential buyer appears on the scene, he will have a lot of Chrysler's creditors baying for money. That in itself may be enough to put anyone off and it is one of the problems the Government will probably have to help Chrysler resolve.

The Government will also, if it chooses to avoid the bankruptcy courts, have to find some way of dealing with the huge redundancy costs and unfunded pension requirements of Chrysler's inactive employees.

At this stage, the omens look as bad as they can be for Chrysler. It is still losing money, the K-car is struggling, the economy is set for a difficult period, interest rates are high and look like remaining high and the new Government is anxious not to appear weak.

But under these conditions, Chrysler has become, like many other state-rescued companies before it, a cash-swallowing machine whose appetite shows no prospect of diminishing.

MEN AND MATTERS

Gullibles' travels

What a carry on up the Khyber. Labour's touring roadshow trio of MPs gave a public performance yesterday that not even the veteran film comics could rival for sheer unconscious slapstick.

Like the Three Stooges of yesteryear, Ron Brown, Allan Roberts and Bob Litherland entertained the Tories but deeply embarrassed their Labour colleagues with their muddled account of the situation in Afghanistan.

Leith's MP and former fitter Brown was the real star of the Afghan-sponsored show. "I decided not to tell the Foreign Office anything. It would just be giving information to the Tories," he announced while telling assembled Pressmen all.

Though claiming that Russian trops were "virtually non-existent," Brown posed for photographs in front of their tanks and doubted whether they should withdraw just yet. He had been told an invasion threat was feared, he explained.

Little comfort from all this, I should think, for Labour's beleaguered Right wing. They reckon that Brown's bravura role in the Kabul presentation will ensure his automatic re-selection as Leith's luminary at Westminster.

Front of House

Ernest Sharp, former joint managing director of Grand Metropolitan and now chairman of Giltspur, is making his presence felt in the House of Fraser.

During the four months which his non-executive directorship of Fraser has so far run, he has had his work cut out to fend off an unwelcome bid for Giltspur from Transport Development Group and gain a higher offer from Unigate. But it was Sharp who completely dominated yesterday's Fraser Press conference, fielding questions about the inner workings of sale and leaseback deals while chairman Sir Hugh Fraser and deputy chairman Roland Smith could barely get in a word.

"Wearing his NHS rose tinted specs presumably"

Aspirations for the Fraser chair? "No way. Not that it wouldn't be an honour, it just wouldn't fit in with my plans," Sharp says. Nonetheless, his rôle has been an active one. He signed up for one day a week. But, with Lonrho on the prowl, "it has been significantly more than one day a week, particularly since all this lot started."

The auld adversary, meanwhile, was missing no chances. Two sober-suited if cold Lonrho men doorstepped the Press conference to distribute circulars giving their own version of the sale-and-leaseback deal.

Testing Times

At least one group of people may emerge better informed from the crisis at Times Newspapers. The Institute of Psychiatry is conducting an "epidemiological survey" of the Press under stress, looking for signs of depression and anxiety in the gloombound Grays Inn Road.

The Institute's Dr. Rachel Jenkins has, with the consent of management and the support of the National Union of Journalists, sent out over 300 questionnaires to Times scribes inquiring into areas such as abilities to sleep and concentrate, level of alcohol consumption, and job satisfaction.

She hopes that at least three-quarters of those surveyed will respond. The questionnaires will be followed up with interviews, and those participating in the survey will be monitored for incidence of "psychological morbidity" for up to a year.

The research will surface in a psychological journal in 18 months or so—though, as the end draws nigh and morbidities multiply, a little touching-up would give Dr. Jenkins the stuff of a best-selling novel.

Turns of phrase

Idiomatic English has, in my view, failed to draw to the full events of these modern times. I offer for the common currency these few choice phrases, and would welcome any further suggestions:

"A Rhodesian settlement"—A strategy which has the opposite effect to that originally intended.

"It comes in buses"—It comes all at once, or not at all. "It never rains, but it pours."

"A1 at Lloyds"—a subject of heated controversy.

"To Brussels and back"—A sudden elevation to the high life, followed by an equally sudden return to normality.

"On the lame ducks"—In receipt of large sums of money from the Government.

"To raise the Titanic"—To pour good money after bad.

"Doing Joseph's work" or "Taking the Consett road"—To be unemployed.

"Gone down the tubes"—Subject to long and inexplicable delays.

"Paying a Lambeth rate"—Subject to insupportable expenses; one the verge of bankruptcy.

"To drop a Clegg"—To make an embarrassing and costly mistake.

Out of print

Spring brings an intriguing change of life to John Plender, formerly financial editor of The Economist, and now bound for the Foreign Office where in March he joins its Planning Staff for a minimum of six months.

He will be there, he says, "in a thoughtful function." The Planning Staff is a sort of FO think-tank, whose staff of six researches papers on aspects of foreign policy. Plender will be concerned primarily with economically-oriented projects.

He joined the Economist in 1975 from The Times, where he was a financial correspondent. The decision to cut ties with St. James's Street came last year, he says, "because, I suppose, I felt vaguely bored." The career hiatus coincided opportunely with the FO's informally-made overtures, the deal was done and the Official Secrets Act duly signed.

While exchanges with industry are a well-established part of Civil Service life, Plender is one of the few journalists thus to be beckoned in under the Whitehall net. The only drawback which I might point out to my source-hungry colleagues is that Plender must brace himself for a drop—"a significant one"—in salary.

Right track

London Transport's messages to commuters become ever more gnomic. An announcement at Bank yesterday advised: "Due to an earlier incident, normal services have now been resumed, and passengers on the Northern Line may suffer delays to all destinations."

Observer

PLANT HIRE IN BRITAIN

Wrong-footed by the recession

By Ray Maughan

PLANT HIRE is a young, ebullient and insular industry, studded with aggressive entrepreneurs and made up, in the main, of small, family-controlled companies.

The equipment available from these hirers is worth around £500m at original cost and ranges from small pumps and compressors through excavators and earthmoving equipment—up to cranes. These vary in size from 7 tonne midgets to giant Gottwald crawlers which cost about £2.5m each and can be adapted to lift loads of up to 1,500 tonnes.

In the past, the industry has come through the bottom of business cycles in rather good shape. As a very broad rule of thumb, the building and civil engineering companies which are its chief customers, tend to conserve liquidity during difficult economic times by hiring equipment rather than buying it.

Yet the hire industry has been completely wrong-footed by the severity of the current recession. Contractors have deferred almost all new equipment decisions in the light of the forecast 25 per cent decline in new construction this year.

One of the closest observers of the plant hire industry, Mr. Simon Knott of the stockbroking firm of Greene and Co., believes that about £200m of the original cost value of the hirers' fleets is surplus to present and foreseeable needs. If he is right, two-fifths of the plant available for hire in this country should be in mothballs.

The slump has left many hirers financially exposed after a period of rapid fleet expansion. The effects of the downturn have already started to show through in the results of the five major quoted hirers. And the structural faults which were already becoming apparent during a period of tight competition and over-optimism have been exacerbated.

Overall, the specialist hirers control some 33 per cent of the £1.5bn worth of construction equipment in Britain, valued at original cost. Of this fleet, 60 per cent is still owned by the contractors themselves. Wimpey's plant, for example, had a gross book value of about £144m in 1979. Subsidiaries of the major contractors, such as Taylor Woodrow's Greenham (Plant Hire), probably own a further 6 or 7 per cent leaving the specialist hirers in control of the remaining third.

The independent hirers' fleets have grown rapidly, however. Reporting on the 60 leading companies in the field, ICC Business Ratios found that their total turnover rose by 50 per cent to £300m in the three years to the end of 1979. The fully depreciated value of their fleets also rose from £210m to £290m.

QUOTED PLANT HIRE COMPANY TURNOVER [000s]

Allied Plant*	£10,663
Hewden-Stuart†	£109,071
G. W. Sparrow*	£16,819
Richards & Wallington*	£39,672
Vibroplant‡	£14,092

* Year-end December 1979; † Year-end January 1980; ‡ Year-end March 1980. Figures include non-plant like activities.

Capacity utilisation, ICC stressed, was low by comparison with other sectors because fixed assets represent, on average, some 60 per cent of annual turnover. Put another way, plant hire is a very capital-intensive business in which asset replacement—to retain a modern, competitive fleet—has to be the hirer's first priority.

In good times, a hire operator can expect 80 per cent of his fleet to be in use by customers at any given time. Allowing for seasonal variations, turnround times and transport and maintenance requirements, that is probably the best the hirer can hope for. But Mr. Knott now believes that utilisation has fallen to about 50 per cent of capacity.

The problems caused by this sudden slump in capacity utilisation—it started in earnest only in the spring—have been compounded by a more deep-seated fault. Hire charges have been increasing over the past few years at about half the pace of the price of new equipment.

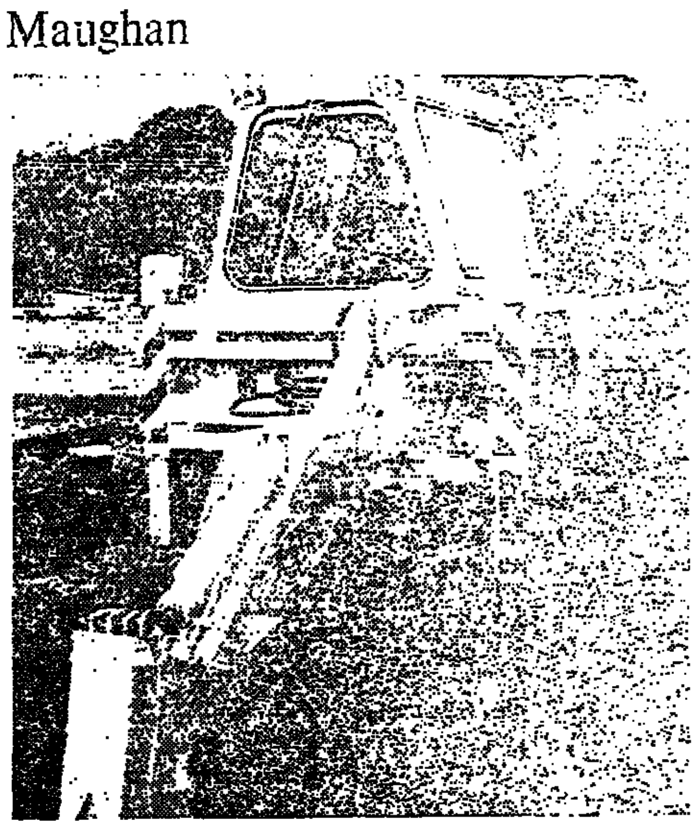
This has been soaring. Cost indices compiled by the Contractors Plant Association show that the cost of owning, operating and replacing a crawler crane, for example, rose from the June 1976 base of 100 to 174.9 by the third quarter of 1979.

Reliable estimates of hire charges are hard to come by but, with the exception of the larger companies, it seems probable that many hirers have been calculating their essential replacement costs on a basis which has made no allowance for the rise in the CPA indices.

The result is that not only did the industry begin the recession on an unsound base, but it seems certain to get worse. Mr. Harold Goodwin, chairman of Hewden-Stuart, one of the leading quoted hirers, says that hire rates are now barely adequate. However, he is resigned to the fact that they will be cut this year.

This air of resignation is not universally shared. Vibroplant, a specialist in plant which is hired without an operator, increased its rates by 10 per cent last October, for instance, and is generally making them stick.

And the industry can at least take comfort from the problems of the leading manufacturers. Cosmos, which made cranes, went into liquidation recently and Coles Cranes a subsidiary of Acrow, is losing money heavily. With this background, the hirers must be reasonably confident that manufacturers cannot afford to push up their prices.



A JCB excavator loader in action.

Not that re-equipment is uppermost in most hirers' minds. Quite the reverse. Richards and Wallington is committed to sell £12m of its £40m fleet in an attempt to cut interest charges. These absorbed nearly all its trading profits in the six months to last June.

Lex Service Group has called it a day after seven years in the crane hire industry and is selling the assets of its Harvey Crane Hire subsidiary to another hirer, G. W. Sparrow, at the beginning of March.

The price to be paid will be linked to asset values but it says something about the state of the sector that Sparrow is more interested in re-sale than in absorbing Harvey's 86 cranes into its fleet. And it will part with its money only when each asset is realised.

In the face of this equipment glut, the re-sale market is likely to weaken this year. Plant which has been written off by the hirer has in the past usually been sold overseas, typically in the Middle East, at a premium to residual values.

Second-hand values are falling, however, and this overseas bolthole has largely been closed by high sterling parities and the stagnation of the market in the Middle East.

Mr. Goodwin cites what he feels is the typical case of the 50 tonnes crane sold by Hewden for £50,000 two years ago which the group bought back recently for £46,000. The crane had been in a dealer's yard for nine months before re-purchase and Hewden wanted it back for a specific tailor-made hire contract.

In this vicious circle of unacceptable rates, under-utilisation, high interest costs and declining re-sale values, the industry may have to seek salvation by shedding some of its excess capacity.

This should mean that the squeeze will find its victims and its ready candidates for take-over. Yet even the stronger industry constituents (five quoted groups account for nearly half the sales in the ICC survey) look to be more concerned with retrenchment and consolidation than acquisitions, even at big discounts.

The upturn, when it comes, could be quite sudden and given the amount of capital intensive equipment it now has in mothballs the industry might quickly regain its balance.

But the stimulus of new construction orders looks so far over the horizon that hirers may yet be pushed closer to the brink.

This time the industry's reputation for cyclical invincibility turns out to be little more than a myth. And it may have plenty of time to repent of the optimism which led it to cram in so much competitive capacity.

A crucial factor in the industry's financial structure

Depreciation is the essence of plant hire finance. A hire company will expect to expand the size of its equipment fleet through a mixture of bank debt, hire purchase and lending. It replaces its assets through a heavy charge for depreciation.

ICC Business Ratios report on the industry last September showed that depreciation is often the dominant constituent of cash flow. Hewden-Stuart's depreciation charge, as an average for the three years to 1979, accounted for 54 per cent of the sum of the charge and pre-tax profits. Richards and Wallington charged 56 per cent against cash flow. Allied Plant, which is less dependent on plant hire than its quoted peers, set aside the lowest proportion for depreciation but it still accounted for 38 per cent.

The treatment of depreciation varies according to the type of hire equipment. A large crane, for example, is typically written down over 10 years on a straight line basis, or an equal annual proportion of the original cost. Many hirers will depreciate a crane at an annual rate of 8 per cent to leave a residual balance of 20 per cent as the written down book value. The expended plant is usually sold abroad and has traditionally commanded some premium to book values.

A standard JCB earthmover, alternatively, would often depreciate at a rate of 30 per cent on original cost in its first year and at 30 per cent successively on the reducing value thereafter. A compressor is generally treated in the same way, although the charge might be at 25 per cent of the reducing balance.

The industry would generally aim to sell plant at the point when the yearly increase in the cost of maintaining a piece of equipment exceeds the annual fall in the charge for depreciation and related interest payments.

Leasing and hire purchase have been adopted by the industry as a source of additional funding but their use is not widespread. There may be some reluctance to take on leasing commitments, given the penalties for early withdrawal. Against that, the fall in new plant values is more pronounced in the first few years of their estimated life.

The main source of finance is bank borrowing and the percentage of interest charges to trading profits is almost always considerably higher than in manufacturing industry.

In the last complete financial year, which did not reflect fully the impact of increased borrowing costs, interest charges accounted for 55 per cent of G. W. Sparrow's trading profits and about 28 per cent of those reported by Hewden-Stuart and Richards and Wallington.

The sector has yet to publish accounts on a current cost basis. Industry observers are awaiting the inflation adjustment for depreciation and, to a lesser extent, the cost of sales and borrowings, with a great deal of interest.

Letters to the Editor

Funding small firms

From the Chairman, Economic Committee, Association of Independent Businesses.

Sir, — Your leader on bank profits and salaries (January 6) concluded with some fundamental questions on the effectiveness of our major financial institutions; the clearing banks and the building societies.

The taxation system and the distribution of savings to which it has led are not conducive to the birth and development of independent enterprises. Instead they have promoted concentrations of economic, financial and, indeed, political power which encourage inefficient monopolies of capital and labour. The long-term effect of these trends is a less dynamic, adaptive and productive economy which cannot generate the wealth and employment required to sustain our living standards. The fiscal questions are complex and detailed measures rest in part on the structure of the taxation system.

Proposals for a loan guarantee scheme to provide a vehicle for institutional funds to finance smaller businesses have been stonewalled by banks and government. The objective is to ensure adequate funding for growing businesses which lack the asset base to provide security to meet the banks' current lending criteria. Perhaps a more competitive banking structure is a better solution. Since small business is essentially a local activity, there can be little doubt that whatever other advantages have been gained from concentration in banking, services to small firms as a group have suffered. Recent attempts by the clearing banks to regionalise their decision-making and introduce new term-lending schemes targeted at smaller businesses may be a response to the problem within current institutional constraints, but it is in our view inadequate. On a wider horizon, centralised institutions are inherently averse to risk taking and therefore antipathetic to the interests and needs of small businesses, the growth of which must be a major component of Britain's economic recovery.

A second alternative is to provide government loan guarantees to promote local small business investment companies on the American model. Government-guaranteed loans of (say) three times the equity stake in such companies would provide an attractive capital base from which to back local enterprise with local money and local business expertise.

Fundamental solutions lie within the tax system, but to release private capital currently locked into housing investment, we have suggested that building societies consider allowing mortgage extensions for equity investment in private businesses. The response from building societies and the Government has thus far been negative, but in a climate in which the role of the banks' and building societies' fiscal incentive for savings and housing subsidies are increasingly questioned, surely any proposal that seeks to direct investment to productive enterprise is worthy of considered analysis.

This country needs the wealth and jobs that could be produced by a vigorous, independent business sector, but, to achieve this, existing institutional arrangements must be radically reviewed.

P. A. Bayliss.
Trowbrary House,
108, Weston Street, SE1.

Information technology

From the Director, Corporate Communication International Computers

Sir,—From the "rough water" which Guy de Jonquieres (January 8) describes we wish to reply and correct some imbalance as well as make our own assertions in response to those made in the article.

No information systems company can match IBM's resources. In that context all other companies in the published table are of a broadly similar size and suffer the same domination. ICL believes profoundly there must be a British controlled member of that top division and we are there. It is a matter of great political and economic concern that information technology is dominated world-wide by U.S. companies, principally IBM, but it is, and we have to operate in this environment.

We have benefited from the (now expired) limited preference policy for central Government orders—but in credibility terms more than in value. On average, 6 per cent of our business came from the policy — small but very useful. Again it was not in the same league as the preferred procurement activity in France, the U.S. and Japan. It is important to point this out because of the benefits that arise from the support of the scale found in other countries. We believe that there is a continued positive and crucial role for the Government and the Public Sector in Britain.

We are, however, quite confident that in the new open tender environment in Britain we shall win our fair share of public sector orders. If the government agency responsible applies the same technical examination criteria to our competitors as it has been applying to ICL under the preference policy, we shall win an increasing market share.

In meeting the impact of high UK inflation, high interest rates and a strong pound we are not alone. Our main manufacturing activity is in the UK, and because of these factors, productivity increases of an abnormally high scale are required if these conditions are to be overcome and we are to remain competitive. ICL has continuously invested in new plant and equipment and today has some of the most modern and automated processes in the industry — for example printed circuit board production, computer aided design activity and integrated circuit quality control systems.

The speed of the recession has affected many companies. We are not conscious of any loss of markets but we are conscious of the bitter competition overseas and the sudden suspension of orders in the UK as many of our customers and prospects batten down their hatches.

The provision for repurchasing leased computers has indeed risen in 1979-80. ICL has for years adopted a consistent accounting policy which ensures that adequate provisions are made in this respect. The amounts provided in this past year are of course in respect of future transactions and not those of the past. We detected no unusual movements in relation to the past year which suggest anything other than that the provision is satisfactory.

The projected life of equipment in the field is now assumed to be a little shorter, although of course this is a market consideration not unique to ICL. In the fact that the provision is made to allow for anticipated future rates of return, it may be considered that the company has been somewhat more conservative than in the past. Mr. de Jonquieres' reference to the effect of the introduction of the ME29 on the provision is not correct. ICL's marketing and commercial policies were in fact designed specifically to avoid this condition.

Referring to the leasing affiliates extra liabilities in this context, ICL has for some years followed recommended accounting practice standards on this issue and has consistently done so again. Indeed ICL believes that its information disclosure is as good as most companies and better than many.

We currently market three categories of computer equipment which satisfy our customer base and our prospective markets. These categories provide systems for the large number of ex-Singer customers acquired in 1976, the expanding small and medium customers using ME29 versatility in distributed systems, and our powerful 2900 series for new customers and those developing from previous ICL product ranges.

The comprehensiveness of the range is enlarged by the extensive software programs available. One of ICL's skills is the growing software ability to link our equipments thus allowing our customers maximum flexibility and choice. The upshot of this product strategy is that a user of computer systems can find a cost effective answer to his requirements in our product catalogue.

In addition, and often overlooked, ICL has the largest computer services business in Britain, and the company's international marketing and distribution network is one of the largest in the world.

At the moment we believe that since 1976 Britain has become 30 per cent less competitive in world markets due to the combination of interest rates, sterling values and UK inflation. We cannot control these factors but we can try and cope increasingly in adapting the business—however hard the decisions—to meet this formidable condition and this we are clearly doing as are so many other major British manufacturing exporters.

In these difficult times, no organisation is finding it easy to plan. With ICL, recovery can be dramatic and we are positioning ourselves to meet demand as it reappears.

We do not deny the stresses of current world trading conditions but we and many colleagues who work in British manufacturing industry must and do take the longer view. It is vital for British industry as a whole that the investment horizon is lengthened to bring about confidence and stability. This one development would do more to revitalise industry than almost anything else. It is our prediction that this point will increasingly become part of the policy formulation as the country reaches for a position in these markets of the future.

Occasionally it is lonely when confronted with the U.S. and Japanese domination but our determination to build on our excellent record is undiminished. It is a challenge and we have accepted it. We have no fears about our product competitiveness or the skills of our people or their dedication. That combination is a powerful start.

A. A. Benjamin.
ICL House,
Putney, SW15.

County council budgets

From the Leader Kent County Council

Sir,—Many years ago Alexander Pope said "A little learning is a dangerous thing." Had he been a soothsayer he could well have had your reporter Robin Pauley in mind. Mr. Pauley's article on January 9 is, in my view, the type of contribution which underlines the truth of Pope's quotation. He suggests, quite categorically, that as far as Kent is concerned we increased our budget for 1980-1981 by just over £2m when called upon by Mr. Heseltine, the Secretary of State, to make reductions. This is not so. He suggests that as a result of being called upon to make reductions we increased our budget. This is not so.

I am not in this letter casting doubt on Mr. Pauley's ability to read information prepared in response to Parliamentary questions. What I am saying is that the information from which he made his deductions is incomplete and misrepresents significantly, in Kent's case, the facts of the situation. These facts are that in response to Mr. Heseltine's request we in Kent reduced our budget by £12.6m. The alleged increase of just over £2m is derived from the information in the return but represents a technical adjustment to the figures made at the invitation of the Secretary of State and not an increase in expenditure. This was pointed out to him in a letter which accompanied the form.

What does concern me is the impression created by the article. I am obviously not in a position to comment on individual authorities' comparisons but, if they are as misguided in their general conclusions as they are in the specific Kent case, then the article presents a false view of the response made by local government to the Secretary of State's request.

As Mr. Pauley may be aware, under the new block grant arrangements operative in 1981-1982, the Government has determined a level of grant related expenditure for each authority. When this council's budget for 1981-1982 is finally determined I think he will find that Kent's expenditure is below this Government figure.

(Sir) John Grugeon.
County Hall,
Maidstone,
Kent.

Robin Pauley writes: The figure of £12.6m is derived from a comparison of expenditure plans for 1980-1981 with outturn expenditure in 1978-79. The £2m increase in our article is derived from a comparison of the first 1980-1981 budget return with the second, three months later. The figures are Government figures, the second set being given in the form of a Parliamentary answer by Mr. Tom King, Local Government Minister. A spokesman for the Environment Department has confirmed that the figures and tables in the article are correct.

Today's Events

GENERAL

UK: Mr. Nicholas Goodison, Stock Exchange chairman, Mr. Robert Fell, SE chief executive, and Sir Jasper Hollom, a Bank of England director, speak at SE symposium on information technology, Painters' Hall.

Sir Leslie Murphy, NEB chairman 1977-79, reflects on the role of the National Enterprise Board, Royal Institution of Chartered Surveyors, SW1.

National Association of Local Councils publishes policy statement on future of parish local government.

Trades Union Congress economic committee discusses draft economic manifesto, London.

National Union of Seamen's executive council meets to discuss pay offer.

Overseas: Mr. Lech Walesa, leader of Polish union Solidarity, meets Pope John Paul II.

PARLIAMENTARY BUSINESS

House of Commons: Rate Support Grant motions. House considers privilege motion raised by Mr. Dale Campbell-Savours.

House of Lords: Debate on International Year of Disabled Persons. Bill of Rights (HL), committee. Short debate on Council of Europe recommendations on schools in Syria and Jordan.

Select Committees: Education, on funding of the arts. Witness: Mr. Paul Channon, Minister for Arts, Room 6, 10.30 am. Employment, on Manpower Services Commission corporate plan 1981-1985, Room 8, 4.30 pm. Social Services, on medical education. Witnesses: Council for Post-Graduate Medical Education in England and Wales; Scottish Council for Post-Graduate Medical Education; University Hospitals Association, Room 21, 4.30 pm.

COMPANY MEETINGS

Burton Group, Drapers Hall, Throgmorton Street, EC, 12. J. H. Fenner, Queens Hotel, Leeds, 12.30. General Stockholders Investment Trust, Winchester House, 77 London Wall, EC, 10.45. F. Shoes, Chartered Accountants Hall, Moorgate Place, EC, 12. E. J. Riley, The Connaught Rooms, Great Queen Street, WC, 12.30. Spring Grove Services, Phyllis Court Club, Henley-on-Thames, 12.

COMPANY RESULTS

Final dividends: Brooke Tool Engineering (Holdings). Thos. French and Sons. Kenning Motor Group. M and G Dual Trust. Interim dividends: Allied Colloids Group.

Record £16.3m for SGB Group

Mr. Neville Clifford-Jones, chairman SGB Group

PROFITS BEFORE tax of the SGB Group for the year ended September 27, 1980, were a record £16.28m, compared with £14.51m. Turnover rose from £119.34m to £139.55m.

In the UK, three of the four main operating divisions—Scaffolding (Great Britain), Youngman Group and HSS Hire Group—increased their contributions to group profits. However, profits of the Contractors' Services Group, which rose sharply the previous year, declined to their 1978 level.

Overseas profits rose as a result of buoyant trading in the Middle East, South Africa and Australia, which more than compensated for the adverse conditions in Continental Europe.

At the interim stage, when the group reported pre-tax profits of £7.66m (£6.12m), the Board said the first half had proved better than expected and predicted another record year.

The group provides an extensive range of products and services for all branches of industry and the consumer market.

A final net dividend of 3p (2.63p adjusted) is proposed, effectively raising the total from 4.58p to 5.3p and absorbing £2.17m (£1.84m).

Profits were struck after interest and dividends received of £442,000 (£206,000) and interest charged of £3.53m (£2.65m). The tax charge was £4.29m (£3.2m), leaving earnings per 25p share of 28.6p (27.5p). Attributable profits were £11.62m (£10.97m) after minorities of £380,000 (£345,000).

The CCA pre-tax profit was £12.14m, compared with £11.18m.

Lex, Back Page

Concentric still waiting for upturn

The overall trading situation at Concentric has not changed since November and there was no visible prospect of material improvement in the immediate future, Mr. John Perks, the chairman, said at the annual meeting.

However, the group was under control and would survive the recession and be ready to meet the recovery in demand when it occurred. The company was running profitably but, at this stage, the chairman did not want to quantify that profitability.

The Board was actively seeking new outlets and products for the group, which manufactures controls and assemblies for the domestic, automotive and engineering industries.

For the year ended September 27, 1980, pre-tax profits had tumbled from £2.43m to £1.12m, on increased sales of £42.58m (£38.25m).

Jones, Stroud falls and warns on full year

TAXABLE profits of Jones, Stroud (Holdings), manufacturer of fabrics, materials and accessories for the textile and electrical industries, fell from £1.06m to £685,000 in the half-year to September 30, 1980, on turnover £840,000 lower at £14.19m.

Trading continues to be difficult, say the directors, and no improvement is expected in the second half thus full year profits will fall below the £2.06m reported for 1979-80.

However, unless there is a further deterioration, the directors expect to maintain the final dividend at 3.2p net. The interim is held at 2p: a resolution giving shareholders the option to receive this payment in the form of fully-paid shares is to be proposed at an extraordinary general meeting on April 2, 1981.

First-half trading profits slipped from £1.17m to £875,000 before interest charges of £421,000 against £322,000. The pre-tax surplus also included associates' profits of £231,000 (£206,000).

After tax of £311,000 (£377,000), earnings per share are shown down from 7.12p to 3.65p.

Extraordinary debits of £134,000 (£110,000), including exchange losses of £44,000 (£97,000) and reorganisation expenses of £90,000 (nil), and preference dividends of £55,000 (same) leave the attributable surplus at £185,000 (£513,000).

The interim ordinary dividend again absorbs £175,000.

● comment

This is not going to be a good year for Jones Stroud. With the J. and J. Cash business having lost £315,000 in the first six months (against a loss of £450,000 for the whole of last year), the company could end up making around £1.25m by year-end, a level which harks back to the learner days of the early 1970s. Overall, the group's textile side, despite a £230,000 contribution from Australia, made just £84,000 in the first half. The electricals side was static at around £550,000. This is the third consecutive half of a profits downturn for Jones Stroud and shareholders may have to wait until next year before there are signs of recovery. The group's share offer in lieu of dividends may be a method of conserving cash, but it has not been a winner in the past. At 54p, down 2p, the prospective yield on a total net payout of 5.2p is more than 14 per cent, reflecting market jitters about the company. The prospective p/e of 9.3 is no bargain.

HIGHLIGHTS

Lex looks at the new wave of dividend anxieties hitting the equity market which is, for instance, causing the ICI share price to drop each day. In the light of the latest building society figures Lex also considers the tactics of the Government as it seeeks to tap more of the personal savings market. SGB Group has announced good figures but there is a danger that the growth phase has ended. Finally Lex discusses the curious goings on at Renwick Group, where mysterious Hong Kong and Swiss investors may soon dominate the share register.

NEW LIFE BUSINESS

All-round improvement for Eagle Star

premiums in 1980 up from £29.5m to £37.8m and single premiums rising by a similar percentage from £54.2m to £69.3m are reported by the Eagle Star Group. Net new sums assured were one-third higher at £2.9bn.

New annual premiums in the UK moved ahead by 28 per cent from £23.7m to £30.4m, this growth coming from mainly company pensions business.

New annual premiums on insured schemes were one-third higher at £21.9m against £16.56m. Executive pensions business, included in these figures, was buoyant during the year, while company pensions growth benefited from rises in earnings levels. Self-employed pensions business remained static however.

The group also reported a 7 per cent rise in ordinary life business in the UK from £5.36m to £5.75m in a year when the market was dull, particularly in mortgage business. There was a continuing flow of business from building society-related savings schemes, while the new flexible-term assurance contract sold well.

The growth in the single premium business came from the success of annuity sales. Total purchase money for all classes of annuity rose by 18 per cent from £43.4m to £51.2m. Single premium insured pension business improved by one-third from £4.35m to £5.84m.

The company's pensions investment subsidiary, Eagle Pensions Funds, also had a good year, with new annual premiums up from £1.8m to £2.8m and new single premiums totalling £4.4m against £300,000 in 1979. A further £3.5m of annual premiums came from pensions schemes transferred from being insured with the Eagle Star.

MAM expects lower result

A SMALL reduction in profits is likely this year for Management Agency and Music, the entertainment promotions and management group which produces singers Tom Jones and Engelbert Humperdinck, according to Mr. Gordon Mills, chairman.

In his annual statement, he says all divisions are trading satisfactorily, but the recession with its associated problems must have an increasingly adverse effect on all business undertakings.

Any drop in the group's profits could be cushioned by a hoped-for boost in amusement machine rents later in the year, "but it is too early to give other than an indication that this may be the case."

Last year the group made pre-tax profits of £2.86m (£3.12m), which are reduced to £2.41m on a CCA basis. Besides its interests in the production and management of entertainment artists, it is also involved in music publishing, the ownership and operation of juke boxes and amusement machines, a yachting marina, hotels and inns and executive jet aircraft.

McMullen shows progress

NET PROFITS of McMullen and Sons, Hertford-based brewer, wine and spirit merchant and soft drink manufacturer, rose from £1.17m to £1.21m in the year ended September 27, 1980, before extraordinary credits of £339,000 against £47,000.

Turnover amounted to £15.2m compared with £14.12m.

Tax charge is £262,000 (£699,000) plus a defered provision for tax of £816,000 (£268,000). Stated earnings per share are 31.22p (30.22p).

The company, which is close, is paying a final dividend of 1.815p making a total for the year of 3.63p against 3.3p.

Somportex turnover and profits jump in first six months

PROFITS before tax of Somportex Holdings, the confectionery, groceries and delicatessen products group, rose sharply from £226,265 to £727,783 in the half year ended October 31, 1980. Turnover, excluding VAT, jumped from £2.97m to £4.36m.

The directors say the traditional confectionery lines, seasonal and daily, have exceeded in aggregate their contribution to turnover and profit, but confectionery profits in the second half this time will be depressed by poor Easter sales.

A major part of the first half increase is attributable to the Slush Puppie iced crystal drink line, as well as to the strength of sterling affecting all sectors. The delicatessen side was also marginally more effective, the board adds.

First half tax charge is £378,447 (£117,657) giving earnings per share of 49.9p compared with 15.5p.

In the year to April 30, 1980, the group reported record pre-tax profits of £359,000 and paid a single dividend of 5.625p.

● comment

There have been shares which outperformed Somportex in 1980-1981 but they are scant few. Up from 78p to a high for the last 12 months at 500p by the beginning of this week, the shares were still fizzing on the interim results and added a further 55p. The mainspring is the marketing success Somportex has scored with the Slush Puppie fruit flavoured drink. Its contribution is not broken down but it is obvious that the momentum it has been achieving is almost entirely responsible for half-time profits which top the range of most outside estimates for the full year. Given the seasonal bias which affects the traditional confectionery lines as well as iced drinks, pre-tax profits may now be headed for about £1m where the prospective p/e would be just over 8. That seems reasonably supportive but newcomers should be aware that the market for the shares is extremely tight and dealing spreads are consequently very wide. And there is no rule which says that the top shares in one year must repeat the performance in the next.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Fairdale Textiles ... int.	0.3	Feb. 26	0.3	—	1.5
A. & J. Gelfer ...... int.	1.6	April 13	1.5	—	3.7
Independent Newspapers	7	—	6.67	11	10
Investors Capital Tst. ...	1.55	March 12	1.35	3.05	2.9‡
Jones, Stroud ...... int.	2	April 10	2	—	5.2
Owen and Robinson	6	Feb. 5	6	—	20
Reo Stakis	1	April 13	0.91*	1.4	1.17*
SGB Group	3	April 14	2.83*	5.3	4.58*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special non-recurring 0.4p.

MGM Assnce. makes steady improvement

A one-third rise in annual premium business from £2.01m to £2.69m and nearly double single premiums business from £3.79m to £6.90m is reported for 1980 by the MGM Assurance.

New annual premiums on life business improved by 15 per cent from £1.35m to £1.56m, while self-employed and executive pension business doubled from £660,000 to £1.13m.

The company's single premiums business was represented entirely by annuity payments. The company maintained very competitive rates during 1980. Much of the annuity business was written in conjunction with life contracts for 10-year income bond schemes.

Scottish Amicable has 12 months of mixed fortunes

A 7 per cent rise in new annual premiums in 1980 on its world-wide life and pensions business is reported by the Scottish Amicable Life Assurance Society. But these figures represent a varied pattern of business.

In the UK, new individual premiums increased by 10 per cent from £14.9m to £16.4m. Premiums on the self-employed pension plans were 48 per cent up from £2.3m to £3.4m and ordinary savings plans jumped nearly 50 per cent to £2.2m against £1.5m. But house purchase business, hit by the dull mortgage market was 18 per cent down from £3.9m to £3.2m.

Annual premiums on group pensions business declined by 6 per cent from £4.9m to £4.6m, reflecting the static pensions market. New annual premiums on the company's managed fund SCAMPI fell by 29 per cent from £13.9m to £9.8m, although the number of new schemes increased from 38 to 45. Total revenue for SCAMPI improved 22 per cent from £37.6m to £45.8m.

New annual premiums in Australia were 25 per cent higher at £1.5m against £1.2m.

In contrast, single premiums rose by nearly 60 per cent from £6m to £9.5m. Group single premiums were one-third higher at £1.9m, while individual business saw single premiums improve by two-thirds from £4.6m to £7.6m, thanks to a 71 per cent increase on self-employed pensions business from £2.3m to £3.4m.

Ferranti and ISC pool resources

Ferranti has concluded a reciprocal trading agreement with International Signal and Control (ISC), a U.S. defence electronics manufacturer, and ESI, the London-based distribution company controlled by ISC.

The agreement is expected to help Ferranti to market some of its defence electronics products in the U.S. In exchange, Ferranti will co-operate with ESI in selling ISC equipment to European NATO member countries.

About 40 per cent of ESI's shares were placed with British financial institutions last summer. The balance is held by ISC, which had sales last year of about $44m.

SPAIN

January 13	Price %	+ or −
Banco Bilbao	257	−4
Banco Central	298	
Banco Exterior	240	
Banco Hispano	247	
Banco Ind. Cat.	121	
Banco Madrid	141	
Banco Santander	301	
Banco Urquijo	154	−2
Banco Vizcaya	273	−2
Banco Zaragoza	212	
Dragados	91	+2
Espanola Zinc	46	−1
Fecsa	57	
Gal Preciados	25	+0.5
Hidrola	65	+1
Iberduero	59.2	−0.3
Petroleos	82.5	+1.5
Petroliber	75	
Sogefisa	102	
Telefonica	61.7	+0.2
Union Elect.	60.7	−1

Buoyant business for Crusader Insurance

Record new life and pensions business was achieved in 1980 by the Crusader Insurance Company, now a member of the U.S. March and McLellan group.

New annual premiums rose by nearly 20 per cent from £8.7m to over £10.2m. New ordinary individual business showed a 16 per cent growth in annual premiums from £2.9m to £3.4m, though self-employed and director pension business both declined.

Group pensions annual premiums improved by 20 per cent from £5.6m to £6.7m with group term contracts up by one-third from £3.3m to £4.4m.

Single premiums rose by nearly 50 per cent last year from £9.5m to £13.8m, thanks to buoyant annuity business. The company's competitive annuity rates in 1980 saw annuity considerations jump from £7.2m to £11.5m.

New sums assured rose by one-third from £1.16bn to £1.57bn and new annuities per annum improved by 8 per cent from £16.2m to £17.4m.

No assets for Jove Trust capital shares

Jove Investment Trust, an authorised split capital investment trust managed by Rivermoor Management Services, announced yesterday that there were no net assets attributable to the capital shares at the end of 1980. Jove's capital shares carry no right to a dividend and only get the benefit of capital growth once the net assets of the company exceed 50p.

At the last annual meeting shareholders asked the board to report the net assets attributable to capital shareholders on a monthly basis.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$50	—	—	9	5½	—	—	$46½
		Jan.		April		July		
ABN C	F.260	10	2.50	—	—	—	—	F.281
ABN C	F.300	—	—	1	6.50	1	9	"
AKZO C	F.17.50	1	0.30	—	—	33	2.40	F.17.50
AKZO C	F.20	—	—	65	0.80B	402	1.20	"
AKZO P	F.15	—	—	—	—	2	0.80	"
AKZO P	F.17.50	10	0.10	—	—	5	1.30	"
AMRO C	F.55	—	—	—	—	50	5.50	F.58
AMRO C	F.60	—	—	—	—	2	3.20	"
AMRO C	F.70	—	—	—	—	5	0.70	"
KODA C	$60	2	11¼	—	—	—	—	$71½
KODA C	$70	3	2½	—	—	—	—	"
HEIN C	F.50	10	2.40	—	—	—	—	F.51.50
HEIN C	F.55	1	0.10A	1	2.10	—	—	"
HEIN P	F.50	22	0.20	—	—	—	—	"
HEIN P	F.55	4	3B	14	4B	2	5.50	"
HOOG C	F.15	—	—	20	0.70	34	1	F.14.50
IBM C	$55	2	12	—	—	—	—	$66⅝
IBM C	$60	52	5⅝	—	—	—	—	"
IBM C	$65	15	3⅛	21	5½	—	—	"
IBM C	$70	6	⅛	4	3¼	5	5⅝	"
IBM C	$75	—	—	5	1⅞	—	—	"
IBM P	$65	5	⅛	8	2⅝	—	—	"
KLM C	F.55	—	—	1	4.60	—	—	F.56.50
KLM C	F.60	—	—	6	2.80	5	3.60	"
KLM C	F.70	—	—	—	—	2	2	"
KLM P	F.55	20	0.10	—	—	1	3.50	"
KLM P	F.60	12	3.50B	5	6.60	—	—	"
KLM P	F.70	26	13.60	—	—	—	—	"
NATN C	F.110	3	8.60	—	—	—	—	F.118.60
PETR C	Fr.5000	1	40	—	—	—	—	Fr.5030
PHIL C	F.15	7	0.20	3	1.30	23	1.80	F.15.20
PHIL C	F.17.50	—	—	40	0.50A	9	0.90	"
PHIL P	F.15	—	—	3	0.60	—	—	"
PHIL P	F.17.50	5	2.30B	—	—	—	—	"
POLA C	$35	—	—	2	½	—	—	$25
OLIE C	F.160	25	45.20	—	—	—	—	F.205
OLIE C	F.170	22	35	—	—	—	—	"
OLIE C	F.180	198	25	30	30.60	—	—	"
OLIE C	F.190	3	15.50A	—	—	—	—	"
OLIE C	F.200	101	5.50	16	16	—	—	"
OLIE C	F.220	40	0.10	72	7.30	14	10A	"
OLIE C	F.240	—	—	60	3.20	114	5.70	"
OLIE P	F.170	—	—	10	0.90	—	—	"
OLIE P	F.180	—	—	25	1.50	—	—	"
OLIE P	F.190	—	—	14	3.30	—	—	"
OLIE P	F.200	194	0.60	73	7.30B	—	—	"
OLIE P	F.220	39	15	—	—	—	—	"
UNIL C	F.120	9	5	1	7.70	—	—	F.124.50
UNIL C	F.130	—	—	2	2.70	—	—	"
XERO C	$60	15	1⅛	—	—	—	—	$61
		Feb.		May		Aug.		
BOEI C	$40	11	3	—	—	3	6⅜	$41
BOEI P	$45	—	—	1	5⅛	—	—	"
OCCI C	$30	50	3¼	20	4⅞	—	—	$31
OCCI C	$35	—	—	2	2⅛	—	—	"
SLUM C	$110	—	—	5	14	—	—	$110⅞
SLY C	$100	—	—	40	22⅛	—	—	"
TOTAL VOLUME IN CONTRACTS						3228		

A=Asked B=Bid C=Call P=Put

Second half dip at Independent Newspapers

After showing a rise from I£1.91m to I£2.13m in the first six months, pre-tax profits of Dublin-based Independent Newspapers were down at £3.05m at the end of 1980 compared with £4.06m in the previous year. Turnover amounted to £43.62m against £37.2m.

Stated earnings per 25p share are 19.76p (23.23p) but the directors are lifting the total dividend from 10p to 11p with a 7p final.

The directors say the decline in second half profits was attributable to start-up losses in new outdoor advertising projects in France and Germany, and magazine publishing in North America.

These new ventures are expected to move into profitability in the current year, the directors state.

F. H. LLOYD HLDGS.

Cooper Industries have acquired a further 400,000 ordinary shares in F. H. Lloyd Holdings making their holding 5.2m (21.662 per cent).

Owen and Robinson drops in first half

JEWELLER and silversmith Owen & Robinson reports a drop in pre-tax profits from £11,253 to £974 for the half-year to November 30, 1980.

Turnover also fell, from £553,608 to £454,603, but the net interim dividend is being maintained at 6p. Last year's total was 20p on pre-tax profits of £85,272.

The tax charge for the half year was £390 compared with £4,730 last time.

Gelfer lower

Pre-tax profits of £379,863 (£409,442) are announced by A. and J. Gelfer, Glasgow-based manufacturer of men's ties and headgear, for the half-year to September 30, 1980. Turnover was down from £2.46m to £2.39m.

After tax down from £213,000 to £162,000, stated earnings per 20p share rose from 3.14p to 3.48p.

An increased interim net dividend of 1.6p (1.5p) is being paid—last year's total was 3.7p on pre-tax profits of £932,000.

Sperati is set to go private

C. A. Sperati proposes to re-register as a private company. This means the shares, which were last dealt in at 155p on October 6, will no longer be quoted on the Stock Exchange. No steps will be taken, however, until the AGM on February 5, when the proposal will be tabled for discussion.

Under the new Companies Act, minimum allotted share capital for a quoted company must be £50,000. Speratis is only £25,000.

In the directors' view the costs of increasing the capital, and the continuing cost of maintaining a share quotation, are not justified because they do not produce any significant benefit to Sperati or its shareholders.

UK COMPANY NEWS

Mr. Reo Stakis, chairman, the Reo Stakis Organisation Ltd.

Reo Stakis improves to £3.94m and pays more

TAXABLE PROFITS of the Reo Stakis Organisation, the Glasgow-based hotelier, restaurant and gaming proprietor, improved in the 12 months to September 28, 1980, from £3.56m to a record £3.94m—a rise of over 10 per cent. Turnover for the period was almost £5m higher at £63.43m.

First-half profits were ahead at £1.47m (£1.25m), and in September the directors forecast a surplus for 1979-80 at least as good as the previous year's.

For the current year, they say so far trading results generally have been below expectations. However, although this will affect profits in the first half they look forward to another year of progress.

The dividend is being stepped up from an equivalent 1.166p to 1.4p net with a final of 1p.

The surplus was struck after interest charges of £879,000 (£393,000) and employee share scheme amounting to £164,000 (£148,000).

Tax took £993,000 (£1.07m) leaving stated earnings per 10p share higher at 5.5p, against a restated 4.7p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied Colloids, Centreway, Diamond Stylus, Linfood, Magnet and Southerns, Woodrow Wyatt.

Finals: Brooke Tool Engineering, Thomas French, Kenning Motor Group, M and G Dual Trust.

FUTURE DATES

Interims —

Ashley Industrial Trust	Jan. 21
Benn Brothers	Feb. 4
Howard Shuttering	Jan. 19
Stroud Riley Drummond	Jan. 26
Symonds Engineering	Jan. 21

Finals—

Glass Glover	Jan. 27
Pratt (F.) Engineering	*Jan. 29*
Woolings	Jan. 22

● comment

Twice in 1978-79 Reo Stakis built up stocks in its chain of 70 off-licences in anticipation of duty increases and twice its efforts were wasted. But last year the same tactic paid off and led the group's wine and spirits division to nearly doubled profits despite the marginal drop in turnover due to fewer wholesaler-to-wholesaler transactions. Hotel profits were up only 3.2 per cent in the vital second half following another disastrous summer. Second-half casino profits were flat partly because of hte recession and partly because management ranks in the division were built up in anticipation of taking on the five Ladbroke provincial casinos. The final one, in Birmingham, was acquired last week. Group borrowings have jumped to about £13m following the Ladbroke deal, roughly half of shareholders' funds, but they should come down a little this year. At 50p, down 2p, the shares yield only 4 per cent on the 20 per cent higher dividend and the fully taxed p/e of 14 leaves little scope for further appreciation in what is likely to be a year of only slight growth.

Sharp drop at Fairdale Textiles

Despite pre-tax profits down from £222,222 to £65,186, Fairdale Textiles, wholesale manufacturing clothier and cloth merchant, is maintaining its net interim dividend at 0.3p for the half-year to July 27, 1980. Turnover was reduced from £3,337,208 to £2,948,779.

Tax took £33,896 (£115,500) and earnings per 5p share fell from 1.75p to 0.48p. Retained profit was £10,845 (£86,277).

Last year's total dividend amounted to 1.5p on pre-tax profits of £474,000.

Investors Capital eases to £4.52m

Gross revenue of £4.52m against £4.59m is reported by Investors Capital Trust for the 12 months to November 30, 1980. The net figure, however, showed a marginal rise to £2.13m, compared with £2.04m.

At mid-year, net revenue of this Edinburgh-based trust was ahead at £1.09m (£0.8m).

Stated earnings per 25p share for the year were higher at 3.45p (3.3p) and a final dividend of 1.55p (1.35p) brings the net total up to 3.05p, against 2.9p which included a special non-recurring dividend of 0.4p.

The valuation of investments at year-end totalled £104.24m (£75.8m) and the net asset value per share was 145.2p xd (98.8p).

Yearlings down $\frac{1}{8}$%

The interest rate for this week's issue of local authority bonds is 13⅜ per cent, down ⅛ per cent from last week. The bonds are issued at par and are redeemable on January 20, 1982.

A full list of issues will be published in tomorrow's edition.

Changes in Trans-Oceanic's portfolio

A NUMBER of changes have taken place in the Trans-Oceanic Trust's portfolio and the investment policy which the company is following, says Sir Ashley Ponsonby, chairman, in his annual report.

There has been greater emphasis on overseas investment particularly in view of the strength of sterling. As a result, the percentage of net assets invested in UK securities has fallen over the year from 60.5 per cent to 42.2 per cent.

The portfolio's overseas emphasis has been mainly in the U.S., where the percentage of net assets invested has risen from 30.4 per cent to 39.2 per cent. Included in the UK holdings that were sold were National Westminster Bank, Thorn-EMI, Imperial Group, Great Universal Stores, ICI and a number of companies operating in the capital goods sector of the economy.

Greater emphasis is also being given to investing a proportion of the company's assets in unquoted venture capital projects, which the Board hopes will eventually provide a greater return than can be expected from more mature companies.

As known, pre-tax revenue for the year to October 31, 1980, was down from £1.55m to £1.55m. Shareholders' funds improved from £26.99m to £35.93m.

The company's five largest investments are with "Shell" Transport and Trading £2.1m; British Petroleum £1.9m; Consolidated Gold Fields £552,500; Ocean Drilling and Exploration £516,781 and Boots £510,000.

Pearl Assurance holds 26.4 per cent of the trust's ordinary shares and Kuwait Investment Office, 9.4 per cent. Meeting, 120 Cheapside, EC, February 5 at 12.15 pm.

MINING NEWS

Falconbridge's copper hope

BY GEORGE MILLING-STANLEY

CANADA'S Corporation Falconbridge Copper, part of the Falconbridge Nickel group, has encountered good copper, zinc and silver mineralisation in an exploration hole drilled in the Noranda area of Quebec.

Falconbridge said yesterday that it had found a 62.5 ft section of massive sulphide mineralisation grading 4.23 per cent copper, 0.06 per cent zinc and 0.56 oz of silver per tonne of ore.

The section occurred between the 4,287 ft and 4,349.5 ft levels, and no further significant indications of minerals have been found below that. The drill hole is now at 4,400 ft.

The discovery is about three miles west of Falconbridge's Norbec Mine, and lies on property acquired from Ansil Mines, which retains a royalty interest based on the net proceeds of production from the property.

Elsewhere in Canada, Placer Development is recommended by Richardson Securities as its top domestic mining choice for 1981. Richardson, which recommended Placer at C$32½ (£11.57) per share, expects the company to outperform the market this year.

The securities firm forecasts earnings of C$2.35 for 1980, against C$2.06 in 1979, rising to C$4.50 in 1981.

Richardson said that Placer was a growth-oriented company, and predicted that this year's earnings would benefit from the 70 per cent interest in Equity Silver, which started production in late 1980. Next year, a second silver producer, Real de Angeles, will come on stream in Mexico.

Two gold projects are in the "potential" category, and may be approved in 1981. The most encouraging is the 100 per cent-owned low-grade Kidston open-pit prospect in Queensland Australia.

Another major Canadian investment house, Levesque, Beaubien, has recommended the Rio Tinto-Zinc group's 52.7 per cent-owned Rio Algom.

The company's best asset, Levesque said, is unquestionably the 68 per cent stake in Lornex Mining, and the C$160m expansion programme which started recently at this very profitable mine means that Lornex will account for an increasing share of Rio Algom's profits.

The broker said that it saw no robust earnings contribution from Rio's uranium mines in the near future, pointing out that the market price has declined over the past two years from U.S.$40 per pound to $28.

Levesque added that current deliveries are increasingly based on market prices as old contracts at fixed prices plus an escalation factor expire.

The brokerage house's argument is that there is not much potential for price-related gains from uranium unless there is a sustained upturn in prices. In addition, ore grades are expected to decline steadily, which will add to the unit cost of production.

Separately, Rio Algom announced an agreement for the sale of 3.38m lbs of uranium oxide to the West German electrical utility Preussische Elektrizitaets-AG from its Elliot Lake operations. The contract will run for 13 years from 1983.

Canada's Noranda Mines is recommended by yet another leading broker, A. E. Ames, for its potential superior growth.

Ames said that the low value of the Canadian dollar and the low cost of Canadian energy put Noranda in a highly advantageous position compared with other natural resources companies elsewhere in the world.

Wyoming Fuel finds uranium

AMERICA'S Wyoming Fuel, a subsidiary of Kansas-Nebraska Natural Gas, has found what it regards as a significant uranium prospect in Crow Butte, north-west Nebraska.

A report from consulting geologists said that the "probable potential" reserves at the deposit could be in excess of 25m lbs of uranium oxide.

Kansas-Nebraska said that the phrase "probable potential reserve" was used because of the very preliminary stage the exploration had reached.

Wyoming Fuel has a 50 per cent interest in the prospect, with the remaining 50 per cent held by Ferret Exploration, a private company based in Denver.

BH South moves to re-open phosphate mine

THE first steps towards reopening its big phosphate deposits in Queensland have been taken by Western Mining's subsidiary, BH South. A contract for the removal of some 800,000 tonnes of overburden has been awarded to Thiess Brothers and work is to start at the end of this month.

However, BH South has not yet negotiated firm sale contracts for the phosphate and is still holding talks with the Queensland Government on the question of transport and freight charges. The directors said the removal of the overburden was "in preparation for an eventual decision on recommencing production of phosphate rock at Phosphate Hill."

When the Phosphate Hill mine is in full production it is expected to yield ore worth about A$10m (£4.9m) a year. BH South said it is contemplating the production of about 250,000 tonnes a year, with the intention of establishing a presence in local and overseas markets.

LONDON TRADED OPTIONS

(Jan. 13 Total contracts 538)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	330	64	1	75	1	—	—	394p
BP	390	6	8	54	4	50	1	"
BP	420	1	40	22	36	56	50	"
BP	460	¼	5	10	—	26	—	"
BP	500	⅛	—	5	2	16	1	"
Com. Union	140	2	—	8	4	13	—	137p
Com. Union	180	¼	25	1	—	2	—	"
Cons. Gold	538	⅛	10	20	—	—	—	491p
Cons. Gold	588	½	1	7	—	20	—	"
GEC	500	88	1	112	—	132	—	585p
GEC	550	38	10	72	—	95	—	"
GEC	600	5	—	42	1	65	—	"
GEC	650	¼	—	22	—	42	—	"
Grand Met.	120	22	15	—	—	—	—	141p
Grand Met.	140	4	79	12	42	18	—	"
ICI	300	5	4	22	36	34	—	298p
ICI	330	½	—	11	8	22	—	"
ICI	390	¼	—	1½	—	—	—	"
ICI	420	—	—	—	—	—	—	"
Marks & Sp.	100	15	55	23	—	26	—	115p
Marks & Sp.	110	5	82	14	1	18	—	"
Marks & Sp.	120	1½	—	7½	1	12	—	"
Shell	420	26	7	39	—	52	2	444p
Shell	550	½	—	3½	1	11	—	"
Totals			343		137		54	
		February		May		August		
Barclays B'k	420	18	5	35	—	47	—	416p
Barclays B'k	460	6	5	17	—	28	—	"
Imperial Gp.	70	6½	22	7	—	10	—	74p
Lasmo	700	40	1	89	—	117	—	702p
Lasmo	750	20	—	64	—	92	5	"
Lasmo	800	10	—	42	—	68	5	"
Lonrho	110	—	—	4½	4	7	—	96p
Lonrho	120	¼	—	2½	3	3½	2	"
Racal Elec.	300	14	10	30	—	45	—	294p
Racal Elec.	330	4	12	16	—	29	—	"
Racal Elec.	390	½	—	4	10	11	—	"
RTZ	414	18	10	53	10	—	—	408p
Totals			65		27		12	

BIDS AND DEALS

Mystery Hong Kong shareholder steps up Renwick stake

BY ALAN FRIEDMAN

THE CURIOUS saga of Renwick shareholdings continued yesterday with an announcement from stockbrokers A. J. Bekhor that they had on Monday purchased an additional 4.99 per cent stake in Renwick on behalf of Kangra International, a Hong Kong company, bringing current holdings up to 22.52 per cent.

Mr. Clifford Wilton, chairman of Renwick, said yesterday that he had not yet managed to uncover the identity of Kangra. "We are rather exasperated by the lack of knowledge," he said.

Mr. Wilton said the sooner Kangra comes "out into the open" the sooner Renwick can find out what its objectives are.

He added that there are now six types of Renwick shareholders: these include an 11 per cent holding by lapsed bidder AAH; a 22½ per cent holding by Kangra; a 22½ per cent holding by Uto Bank of Zurich—also purchased by A. J. Bekhor; a 7½ per cent holding among board members and family; an 11 per cent holding by shareholders who accepted the AAH bid offer; and a further 23 per cent of Renwick shareholders who did not accept the AAH offer.

Mr. Malcolm Davidson of Renwick's advisers, Samuel Montagu, commented yesterday that despite efforts on his behalf, Bekhor was not prepared to reveal the identity of Kangra. He said he did not view the Renwick request for Kangra's identity as an unreasonable one.

"We are doing all we can to unearth identities but we have reached a brick wall as far as Kangra is concerned," he added.

Mr. Davidson pointed out that Kangra's holding was now above 15 per cent and would mean that any full-scale bid would require a cash alternative offer. He said the additional Kangra purchase on Monday had been "in the high 60s or low 70s" and above AAH's earlier offer price of 65p.

Mr. Hugo Berke, a director of A. J. Bekhor, said yesterday he was not aware of the 15 per cent cash alternative rule but was certain that Mr. Bekhor must be. He added that everything had been cleared with the Takeover Panel.

At the Takeover Panel, Mr. Graham Walsh, director-general, confirmed that Bekhor had been in touch and that the purchases on behalf of Kangra were in order. "They have now acquired less than 5 per cent in more than seven days and this is in accordance with the rules which govern substantial acquisitions of shares," he said.

Renwick shares yesterday stood at 71p, up 1p.

GLASGOW PHOTO/ GLASGOW PICTURE

The offer by Glasgow Photo Playhouse for Glasgow Picture House has been extended to February 2. Acceptances have been received in respect of 1,279 shares.

Glasgow Photo held 9,502 shares prior to the offer.

Bid talks for Avenue Close

A BIDDER has called on Avenue Close, the small property investment and development group chaired by Mr. Jack Julius.

The company yesterday warned shareholders that discussions were taking place which could lead to an offer: the share price rose 19p to 80p.

Avenue Close revalued its property portfolio for its latest accounts to March 31, 1980, revealing a £7.2m surplus in the £10.9m total.

The directors control more than 60 per cent of the shares.

Aberdeen Inv. expanding into finance services

Aberdeen Investments is expanding into the financial services field with the acquisition of SCH Financial Services, an insurance and financial planning group managing funds of around £5m.

Following the acquisition, the directors of Aberdeen expect to recommend a final dividend for the year to March 31, 1981 of not less than 4p net, making 5.5p compared with 3.5p last year.

The initial consideration for SCH will be £94,434, represented by 30,000 new Aberdeen ordinary shares—valued for this purpose at 170p each—and £43,434 in cash.

A further payment of £34,000, consisting of 20,000 shares, will be made if the net profits of SCH for the year to March 31, 1981 are not less than £50,000, and there will be a final payment of £42,500, consisting of 25,000 shares, if SCH turns in profits of not less than £75,000 in the following year. The maximum consideration payable is £170,934.

Attwood buys Car Cleaning Services

Attwood Garages, in which British Car Auction Group has recently bought a controlling stake, has acquired 55 per cent of the capital of Car Cleaning Services for £36,147.

The net asset value of Car Cleaning Services at January 31, 1980, was £22,661, and pre-tax profits were £13,529 for the year to that date on turnover of £544,802.

It is expected that the motor trade contacts of the new management of Attwood will enable Car Cleaning Services to increase its turnover considerably.

Raine offshoot in £132,000 housing deal

P. Hassall, a subsidiary of Raine Engineering Industries, has acquired for £132,000 cash General Housing (Derby), of Toton, Nottingham, which has three sites in the Nottingham/Derby area near to Hassall's development at Littleover and its current development at Whitemoor Meadows.

The acquisiton is in line with the group's stated policy of further expansion and diversification in house building and allied activities and with the backing of Barclays Bank is seen as a sign of confidence in the future.

INTERESTS IN CONS. GOLD

De Beers and Anglo American have each acquired an interest in an additional 100,000 Consolidated Gold Fields shares. Each now has an indirect interest in 50 per cent of a total of 53,283,750 shares.

HAWTHORN, LESLIE

Mr. R. G. Conradi, a director of Hawthorn, Leslie, has bought 10,000 ordinary shares in the company at a price of 132p, increasing his holding to 11,300.

Sir Hugh Fraser (right), chairman of House of Fraser, at yesterday's press conference with deputy chairman Prof. Roland Smith

Lonrho battles have cost £1m says Sir Hugh Fraser

BY JOHN MOORE

Lonrho's battle for influence in the affairs of House of Fraser has probably cost the stores group £1m.

The figure was disclosed by Sir Hugh Fraser, House of Fraser's chairman, during a Press conference in London yesterday.

The amount represented the cost of fighting two campaigns against Lonrho: one last year over a possible dividend increase and board changes, and more recently over a £29m sale and leaseback deal of Fraser's D. H. Evans store.

The estimated £1m sum included £250,000 loss of interest on the £29m cash from the D. H. Evans sale, delayed while the present battle is taking place.

Lonrho has called for an ordinary resolution requesting the House of Fraser board not to proceed with the sale and lease-back of the store in Oxford Street. It will be put before shareholders at an extraordinary general meeting next week.

Mr. Ernest Sharp, a non-executive director of House of Fraser, who dealt with most of the questions on the sale and lease-back deal, condemned Lonrho's tactics. "It is a stupid process. A million pounds is something like the profit of a major store."

He added: "When I joined House of Fraser, I made it clear I was not interested in joining any anti-Lonrho camp. I was not able to maintain that stance for very long. We have rows about everything. If somebody said today is Tuesday we would have a vote about it. I have voted more times in House of Fraser than in three or four other companies in the last 20 years.

He said that the directors would not "give in to the Chinese water torture," and "do what Lonrho wants."

Mr. Sharp said he did not believe Lonrho had the "firepower" to mount a bid for House of Fraser, which has been the subject of City speculation for some time.

"They want to keep House of Fraser on a long finger, bubbling along, not doing very much until such time as they have firepower," he said.

Of the D. H. Evans sale and leaseback deal, Mr. Sharp said it was not being done "because we are short of money—our gearing is not as high as Lonrho's—or to spike anyone's guns and make ourselves less attractive to them."

It was part of a study of the group's 112 stores and an effort to get the best return from them."

It was part of a study of the group's 112 stores and an effort to get the best return from them. He revealed that against the £29m price, the company had had a valuation of £27m.

Attempts had been made to sell the store, but no buyers emerged.

He said "in our view, Oxford Street has peaked out. We think the explosive and tremendously rapid rate of growth is, for a considerable time, at an end." The rent reviews following leaseback would be geared to department store rents so they would suffer only if they were less efficient than others, Mr. Sharp added.

Decisions would be taken, possibly all different, about all the stores in the board's review but, referring to Harrods, he said "we will do nothing. It is superb as it is."

Sir Hugh Fraser said the Christmas trading period "came in strongly at the end and we are very pleased with the way the January sales started."

An up-dated valuation of group assets as at January 31 is to be included in the next accounts.

It is understood that private estimates of the likely asset value per share figure range between 180p and 300p.

After the conference Sir Hugh Fraser said that he personally would like to see Mr. Tiny Rowland, Lonrho's chief executive, removed from his board. "It is an impossible situation. There is no way I am going to be a puppet for Lonrho."

During the conference Professor Smith, deputy chairman of House of Fraser, said that he was "quite happy" with the Lonrho board presence. "Life would be very unexciting really. When I go to another board meeting I find it very difficult to adjust to a normal environment." He did not wish to embarrass Lonrho but "we intend to manage the business, not Lonrho."

Lonrho is expected to poll about 50m shares in support of its arguments, according to Fraser's advisers, while House of Fraser could poll 50m and 60m shares in support of its cause.

It is believed that there are nine wavering institutions, three of which are expected to vote for Lonrho. In all they represent around 1m Fraser shares.

Mr. Tiny Rowland wrote to Fraser shareholders yesterday urging them to vote for his group's resolution. "The House of Fraser board find it uncomfortable to have the novelty of a large, critical and more successful shareholder, but criticism from an informed source is only difficult when a good answer cannot be made," he says in his letter.

Sipef raises its stake in Warren Plantation to 25¼%

S. A. Sipef, the Belgian plantations group, has raised its interest in Warren Plantation Holdings to 2,669,560 shares—25¼ per cent of the capital as enlarged by Warren's current rights issue.

Sipef built up its stake in Warren from 7.06 per cent in June to 20.38 per cent at the end of the year.

Baron Theo Bracht, chairman of Sipef, declined to indicate yesterday whether or not the company would be making a full bid for Warren.

"That is not a decision that can be taken on my own." He said the company regards Warren as a long-term investment.

"As we are basically in plantations, we have always considered that a close relationship would be in our mutual interest."

Warren and Sipef each took 25 per cent stakes in a palm oil project in Papua-New Guinea three years ago and Baron Bracht said Sipef was very pleased with it.

He confirmed, however, that Sipef and its associates voted their shares against an increase in authorised capital at an EGM last month in connection with the current one-for-four rights issue.

"We disagreed with the issue which was preparing funds for investment in the United States and paint factories in England. This would change the basic tradition of the company."

However, Sipef would take up its rights entitlement and believes the two companies will be able to co-operate in the future.

The final day for acceptances of the rights offer is January 19. The shares were unchanged yesterday at 191p.

Securicor controls Purolator Ireland

Securicor's listed subsidiary, Security Services has acquired 51 per cent of the issued share capital of Purolator Ireland, which provides static guard, courier and parcel movement services in southern and northern Ireland.

Of the agreed price of £473,280, £315,520 has been satisfied by the issue of 194,700 "A" ordinary shares and £1,473 in cash. The balance is payable in cash on the attainment of specified profit targets for the year ended September 30, 1981.

An option arrangement will cover the sale of the remaining 49 per cent of the equity and will be exercisable by either the vendor or Security Services during the fourth and fifth years following completion.

The consideration for the remaining 49 per cent will be based on the greater of either an agreed formula to be applied to the average net profits for the three-year period after completion, or by reference to the net asset value of Purolator Ireland.

Purolator Ireland's net assets at June 30, 1980, were £636,292. The net profit before tax attributable to the assets being acquired for the nine months to that date, amount to £109,245.

Purolator Ireland will continue to trade separately.

STODDARD MERGER PLAN APPROVED

At an EGM of Stoddard Holdings shareholders approved the merger with Templeton Carpets and Kingsmead Carpets, which form the major part of the carpet business of The Guthrie Corporation. The meeting also approved an issue of 1.5m 7 per cent second cumulative preference shares of £1 each to Guthrie for payment in full in cash at par. The new group—comprising of Stoddard, Templeton, Widnells, Kingsmead, Lyle and Douglas Reyburn — will be one of the strongest carpet manufacturing groups in the U.K.

ASSOCIATES DEAL

On behalf of Bahco, Panmure Gordon and Co. bought 15,000 Record Ridgway ordinary shares at 37p.

Share Stakes

Kean and Scott — Newsam Investments has an interest in 216,500 ord shares (5.72 per cent).

Cardiff Property—Mr. T. R. Watts, director has disposed of 147,000 ord shares (20.02 per cent) reducing his holding to 777 ord shares (0.1 per cent). Mr. B. A. Brownhill, director has acquired 22,831 ord shares through his company Park Motors (Cardiff)—increasing his beneficial holding to 80,000 ord shares (10.89 per cent). Mr. Watts's holding has been placed with various institutions and private individuals.

Allied Plant Group — South Yorkshire County Council Superannuation Fund has acquired a further 25,000 ord shares this brings the holding to 825,000 ord shares (5.5 per cent).

Boustead—Hendon Green of Hong Kong, holds 2.18m shares (6.53 per cent).

Yorkgreen Investments — Energy, Finance and General Trust Holdings has disposed of 50,000 ord shares which reduces its shareholding in the company to below 5 per cent. It previously held 6.72 per cent.

Bremar Trust—Bremar International acquired 967,100 ord shares and now holds 2,184,200 shares (45.50 per cent).

Barker and Dobson Group — Electra Investment Trust has lifted its stake from 6.67 per cent to 7.59 per cent. It is now interested in 2.04m shares (7.59 per cent).

Consolidated Gold Fields — De Beers and Anglo American on January 9 each acquired an interest in an additional 50,000 ordinary shares so that each company now has an indirect interest in 50 per cent of a total of 53,083,750 shares (28 per cent).

Isle of Man Enterprises—Nicholson Investments, in which D. K. B. Nicholson and I. A. R. Nicholson, directors, are beneficially interested, has acquired 2,000 shares making holding 889,446 (73.38 per cent). Total holding of all directors and their interests is 908,638 (74.97 per cent).

APPOINTMENTS

Senior Midland Bank changes

Mr. J. G. Harris, a general manager of MIDLAND BANK, is to become a director and assistant chief general manager from July 1. At the same time he will take over responsibility from Mr. G. W. Taylor as chief executive of Midland Bank International.

Mr. M. G. Wilcox is to retire as a chief general manager of Midland Bank at the end of June and Mr. S. T. Graham, a director and chief general manager, will then be sole chief executive of the group assisted by Mr. Taylor and Mr. J. A. Brooks, who are at present directors and deputy chief general managers.

On his retirement, Mr. Wilcox will continue as a member of the Midland Bank board and as chairman of Forward Trust Group and Samuel Montagu.

Other changes from the beginning of July are Mr. J. D. Greenwell, a general manager, to become a director and assistant chief general manager. Mr. B. L. Goldthorpe, a general manager, will be a senior general manager and will assume the responsibilities of chief executive, Forward Trust Group, in succession to Mr. Harris.

Mr. K. B. Cox, a general manager, is appointed a senior general manager from February 1.

Mr. M. T. J. Wallis, an assistant general manager, will be a general manager from February 1. Mr. G. D. Smith, a regional director, becomes a general manager on March 1. Mr. M. J. Fuller, a regional director, is to be a general manager from July 1.

*

Mr. Mervyn Rogerson has been appointed director of parts and service, worldwide, for HYMAC with special responsibility for parts distribution and service of other IBH Group products in Britain.

*

Following the acquisition of Tyne Dock Engineering by ZENTA ENGINEERING HOLDINGS of Glasgow, new management appointments have been made: Mr. C. Ellison, managing director of Clydedock Engineering (another subsidiary) is being seconded to Tyne Dock Engineering to establish its new management team and re-open the South Shields yard for business. Mr. F. Bate will become managing director of Clydedock.

*

Mr. Derek J. Rutter has been appointed a non-executive director of BREMAR HOLDINGS. He was formerly a director of Barclays Merchant Bank.

BREMAR EWART, Lloyd's insurance broker, has made the following appointments. Mr. Alan L. Packham, deputy managing director; Mr. Alan R. Bickle, associate director, life and pensions; Mr. Robert Levene, associate director, non-marine; and Mr. Anthony R. Daines, associate director, marketing.

The parent concern is Bremar International.

*

The Energy Secretary has appointed Sir Archie Lamb, until recently H.M. Ambassador to Norway, as a part-time member of the Board of the BRITISH NATIONAL OIL CORPORATION for three years from January 1.

*

Mr. P. E. Moody has been appointed a director of THE LAIRD GROUP.

*

Mr. R. G. Rickard has been appointed to the Board of USHER-WALKER. Mr. Rickard is sales director and a member of the Board of Usher-Walker (Inks and Rollers).

*

Mr. John Kershaw has been appointed managing director of JAMES W. COOK AND CO. (WIVENHOE). He succeeds Mr. George Smith who has retired.

*

SIMON ENGINEERING has made the following appointments within its food engineering group: Mr. Ken Cook has been appointed managing director of Simon Food Engineers and Dr. Ray Taylor has been made technical director of Simon-Vicars.

*

Mr. Duncan S. Gee has been appointed joint managing director of THE AYGEE GROUP.

*

JOHNSON MATTHEY BANKERS has made the following appointments: Mr. P. J. C. Firth, deputy managing director; Mr. M. J. Oliff-Lee, manager bullion; and Mr. A. J. A. Stoppani, chief dealer bullion.

*

Mr. R. Stuart Lang, managing director and chairman of LANG BROTHERS and a director of the GLENFYNE DISTILLERY, and Mr. George Campbell, a director and company secretary of both concerns, have retired.

*

Mr. Brian J. Room has become assistant general manager of CORNHILL INSURANCE GROUP with responsibility for the general manager's department at head office. Mr. Eric C. Fogg, an assistant general manager, retires in June.

*

Mr. Joseph J. Campanella has been named president of SPERRY FLIGHT SYSTEMS, succeeding Mr. George F. Jude, who is to retire.

*

Mr. Anthony F. Chapman has been appointed UK sales and marketing director of WICANDERS (GB), of Crawley. He succeeds Mr. Kenneth Ticehurst, who is leaving to become managing director of the company's subsidiary in Sydney, Australia.

*

Dr. Len Evans has been appointed director and general manager of the newly-formed self adhesive products division of STERLING COATED MATERIALS. Mr. Allan Mackintosh becomes commercial manager and Mr. Tim Chivers, marketing manager.

*

Mr. J. Robin Browning has been appointed a director of BRITISH LINEN BANK and Mr. Brian Finlayson has become an assistant director.

CURRENCIES, MONEY and GOLD

Dollar firm

Dollar continued to improve in currency markets yesterday helped by higher Euro-dollar interest rates and continued progress towards the release of the hostages in Iran. Recent comments by Mr. Paul Volcker, U.S. Federal Reserve chairman that interest rates would not be allowed to fall too sharply or too quickly also helped dollar sentiment.

Sterling was very firm, and although it lost ground against the dollar, it was strong in terms of European currencies, reaching a six year high against the French franc, and its best level in terms of the D-mark since April 1976. High interest rates and sterling's position as a petro-currency were cited as the main reason behind the pound's strength.

European currencies again showed little movement except in dollar terms, where they were mostly weaker. Within the EMS there was no change, with the French franc remaining at the top, and the Italian lira at the base of the system.

DOLLAR — trade weighted index rose to 87.0 from 86.2 (Bank of England calculation). The dollar rose sharply yesterday, but eased later in the day to finish around the middle of the day's range. Against the D-mark it finished at DM 2.0000 compared with DM 1.9845 on Monday, and a day's high of DM 2.0060. Similarly against the Swiss franc it rose to SwFr 1.8110 from SwFr 1.8000. It was slightly easier against the Japanese yen however, closing at Y203.10 from Y204. Euro-dollar rates finished at 18 13/16 per cent for one month against 18 per cent and 17⅜ per cent for six-month compared with 16⅞ per cent on Monday.

STERLING — trade weighted index was unchanged at 79.3 (Bank of England) a level held at all three of the day's calculations. The pound eased against the dollar by one cent to close at $2.3880-2.3890 after trading within a range of $2.3850 and $2.3920. It was however, sharply firmer against European currencies, closing at FFr 11.0550 against the French franc, its highest level since September 1974, and compared with Monday's close of FFr 10.9950. In D-mark terms the pound rose to its best level for nearly five years at DM 4.78 against DM 4.76 previously.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The recent turnround in U.S. interest rates has once again depressed the D-mark, while the situation in Poland continues to exert downward pressure. The D-mark lost ground at yesterday's fixing in Frankfurt, with the dollar rising above the DM 2 level and sterling touching its best level since April 1976. The dollar was fixed at DM 2.0005 compared with DM 1.9736 on Monday, while sterling rose to DM 4.7760 from DM 4.7460. The dollar was underpinned by higher Euro-dollar rates and touched DM 2.0015 more than once before easing back. Some dealers thought that the dollar had been overbought and may suffer from profit taking quite soon.

JAPANESE YEN—Very firm influenced by Japan's strengthening economic performance and the fall in U.S. interest rates—The yen was slightly weaker against the dollar in Tokyo yesterday, and the U.S. unit closed at Y204.65, compared with Y202.00 on Monday. It opened at Y203.80

THE POUND SPOT AND FORWARD

Jan. 13	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3850-2.3920	2.3880-2.3890	1.25-1.35c dis	−6.53	2.70-2.80dis	−4.60
Canada	2.8390-2.8480	2.8415-2.8425	1.00-1.10c dis	−4.43	2.15-2.30dis	−3.13
Nethlnd.	5.17½-5.20½	5.18¾-5.19¾	2⅝-1¾c pm	5.20	6⅛-5⅜ pm	4.52
Belgium	76.60-77.05	76.75-76.85	21-11c pm	2.50	47-37 pm	2.19
Denmark	14.66-14.72	14.68-14.69	2⅛-⅜ore pm	1.07	⅜-2⅝ dis	−0.41
Ireland	1.2760-1.2820	1.2780-1.2790	0.05p pm-.08dis	−0.14	0.16 pm-par	0.25
W. Ger.	4.76-4.80	4.77½-4.78½	2⅜-1¼pf pm	5.65	6⅛-5⅛ pm	4.92
Portugal	127.10-128.90	128.50-128.70	par-65c dis	−3.03	25-185 dis	−3.26
Spain	192.30-193.00	192.60-192.70	5-65c dis	−2.18	175-265 dis	−4.57
Italy	2267-2272	2268½-2269½	2¼-4¼lire dis	−1.72	15½-18¼dis	−2.95
Norway	12.37-12.41	12.38½-12.39½	4⅜-3⅛ore pm	3.81	10⅝-8⅝ pm	3.01
France	11.03-11.06	11.05-11.06	4-3c pm	3.80	7¾-6¾ pm	2.62
Sweden	10.56-10.62	10.59¾-10.60¾	4⅛-5⅛ore dis	−5.24	12-13¼ dis	−4.16
Japan	483-490	484½-485½	2.50-1.85y pm	5.38	6.75-6.20 pm	5.34
Austria	33.70-33.95	33.75-33.80	10-6gro pm	2.84	27-21 pm	2.84
Switz.	4.31-4.35	4.32-4.33	4-3c pm	9.71	9¼-8¼ pm	8.09

Belgian rate is for convertible francs. Financial franc 77.05-77.15. Six-month forward dollar 3.95-4.10c dis. 12-month 4.30-4.60c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3850-2.3920	2.3880-2.3890	1.25-1.35c dis	−6.53	2.70-2.80dis	−4.60
Ireland†	1.8625-1.8720	1.8690-1.8720	0.95-1.05c dis	−6.42	2.20-2.35dis	−4.87
Canada	1.1890-1.1911	1.1896-1.1899	0.20-0.15c pm	1.76	0.39-0.34 pm	1.23
Nethlnd.	2.1715-2.1790	2.1740-2.1755	2.20-2.10c pm	11.86	4.90-4.80 pm	8.92
Belgium	32.15-32.25½	32.15-32.17	25½-24c pm	9.22	52-49 pm	6.27
Denmark	6.1425-6.1600	6.1475-6.1500	4⅛-3⅞ore pm	7.81	6½-6 pm	4.06
W. Ger.	1.9910-2.0060	1.9995-2.0005	2.05-2.00pf pm	12.15	4.70-4.65 pm	9.35
Portugal	53.65-54.00	53.65-53.80	25c pm-par	2.79	45 pm-15 dis	1.12
Spain	80.63-80.83	80.70-80.75	40-10c pm	3.72	25 pm-10 dis	0.37
Italy	948.25-953.00	952.00-953.00	4-3lire pm	4.41	4-2½ pm	1.36
Norway	5.1895-5.1955	5.1940-5.1950	4.20-3.70ore pm	9.12	9.40-8.90 pm	7.04
France	4.6150-4.6410	4.6290-4.6320	4.10-4.00c pm	10.49	8.30-8.10 pm	7.08
Sweden	4.4360-4.4390	4.4380-4.4275	0.45-0.30ore pm	1.01	0.15-0.30dis	−0.20
Japan	203.00-204.75	203.05-203.15	2.10-1.90y pm	11.82	5.10-4.90 pm	9.85
Austria	14.14¾-14.18¾	14.14½-14.15½	10.90-10.30gro pm	8.99	26.00-24.50pm	7.13
Switz.	1.8050-1.8190	1.8105-1.8115	2.50-2.40c pm	16.23	5.92-5.82 pm	12.96

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.3	−25.0
U.S. dollar	87.0	−7.1
Canadian dollar	79.7	−18.5
Austrian schilling	146.3	+22.0
Belgian franc	111.0	+10.7
Danish kroner	101.3	−8.0
Deutsche mark	145.6	+39.5
Swiss franc	186.6	+76.4
Guilder	122.5	+17.2
French franc	96.1	−8.2
Lira	49.9	−52.9
Yen	145.0	+42.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.529744	0.542267
U.S. $	13	1.27324	1.30257
Canadian $	17.00	1.51426	1.54550
Austria Sch.	6¾	17.7783	18.2100
Belgium F.	12	40.4190	41.3828
Danish K.	11	7.72220	7.90988
D'mark	7½	2.51287	2.57219
Guilder	8	2.73565	2.79663
French Fr.	9½	5.82360	5.95407
Lira	16½	1194.30	1221.81
Yen	7¼	255.921	264.227
Norwgn. Kr.	9	6.55655	6.70500
Spanish Pts.	8	101.575	104.076
Swedish Kr.	10	5.58125	5.72521
Swiss Fr.	3	2.28394	2.33591
Greek Dr'ch.	—	Unavail.	60.6758

OTHER CURRENCIES

Jan. 13	£	$		£ Note Rates
Argentina Peso	4779-4799	1996-2016	Austria	33.60-34.00
Australia Dollar	2.0210-2.0250	0.8470-0.8475	Belgium	76.75-77.55
Brazil Cruzeiro	159.37-160.37	66.80-67.13	Denmark	14.62-14.72
Finland Markka	9.244-9.257	3.8695-3.8705	France	10.97-11.07
Greek Drachma	110.813-114.031	47.05-47.15	Germany	4.75½-4.80
Hong Kong Dollar	12.33-12.35	5.1680-5.1710	Italy	2290-2370
Iran Rial	174.20*	72.40*	Japan	486-492
Kuwait Dinar(KD)	0.645-0.651	0.2718-0.2720	Netherlands	5.17-5.21½
Luxembourg Frc.	76.75-76.85	32.15-32.17	Norway	12.38-12.48
Malaysia Dollar	5.3225-5.3325	2.2305-2.2325	Portugal	128-142
New Zealand Dlr.	2.4835-2.4885	1.0405-1.0415	Spain	186-196
Saudi Arab. Riyal	7.91-7.97	3.3305-3.3320	Sweden	10.59-10.69
Singapore Dollar	4.9925-5.0025	2.0920-2.0940	Switzerland	4.30½-4.35
Sth. African Rand	1.7900-1.7910	0.7495-0.7500	United States	2.37¾-2.39¾
U.A.E. Dirham	8.73-8.79	3.6715-3.6735	Yugoslavia	79-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.4533	+4.18	+1.18	±1.53
Danish Krone	7.72336	7.91578	+2.49	−0.51	±1.64
German D-Mark	2.48208	2.57256	+3.65	+0.65	±1.125
French Franc	5.84700	5.96006	+1.93	−1.07	±1.3557
Dutch Guilder	2.74362	2.79775	+1.97	−1.03	±1.512
Irish Punt	0.668201	0.690833	+3.39	+0.39	±1.668
Italian Lira	1157.79	1225.31	+5.83	+2.94	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.389	4.780	485.0	11.055	4.325	5.193	2269.	2.842	76.80
U.S. Dollar	0.419	1.	2.001	203.1	4.628	1.811	2.174	950.0	1.190	32.15
Deutschemark	0.209	0.500	1.	101.5	2.313	0.905	1.086	474.7	0.595	16.07
Japanese Yen 1,000	2.062	4.925	9.856	1000.	22.79	8.918	10.71	4672.	5.860	158.4
French Franc 10	0.905	2.161	4.324	438.7	10.	3.912	4.697	2052.	2.571	69.47
Swiss Franc	0.231	0.552	1.105	112.1	2.556	1.	1.201	524.6	0.657	17.76
Dutch Guilder	0.193	0.460	0.921	93.40	2.129	0.833	1.	437.0	0.547	14.79
Italian Lira 1,000	0.441	1.053	2.107	213.8	4.872	1.906	2.288	1000.	1.253	33.85
Canadian Dollar	0.352	0.840	1.682	170.7	3.890	1.522	1.827	789.4	1.	27.02
Belgian Franc 100	1.302	3.110	6.224	631.5	14.39	5.632	6.761	2954.	3.701	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 15/16	offer 19 1/16	bid 17 7/16	offer 17 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13¼-13¾	20¼-20½	18-19	9⅛-9¼	1¼-1¾	8 5/16-8 9/16	10½-10¾	13½-15½	10-10½	6½-7
7 days' notice	13⅞-14⅛	20-20¼	18-19	9⅛-9¼	2-2½	8½-8⅝	10½-10¾	14-16	11-11¼	7⅜-7⅝
Month	14 3/16-14 7/16	19⅞-20⅛	17¾-18⅛	9⅛-9¼	5¼-5⅜	9-9⅛	10⅛-10½	15½-16¼	11 11/16-12 1/16	7⅝-7⅞
Three months	14¼-14 7/16	18 13/16-19 1/16	17-17⅜	9⅜-9½	5½-5⅝	9-9⅛	11⅛-11½	17-18	12⅝-12¾	8⅛-8⅜
Six months	13⅞-14	17¼-17½	15½-15⅞	9½-9⅝	5 5/16-5 9/16	9-9⅛	11⅝-12	17½-18½	12⅞-13	8⅜-8⅝
One Year	13¾-13⅞	15¾-16	14⅝-15	9¾-9⅞	5½-5⅝	9-9⅛	12½-12⅞	18-19	12 13/16-13 1/16	8¼-8½

Asian $ (closing rates in Singapore) one-month 19⅛-19⅜ per cent; three months 18⅜-18½ per cent; six-months 17-17⅛ per cent; one year 15 9/16-15 11/16 per cent. Long-term European two years 14⅜-14⅝ per cent; three years 14⅜-14⅝ per cent; four years 14⅜-14½ per cent; five years 14-14⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.40-19.50 per cent; three-months 18.35-18.45 per cent; six-months 16.55-16.65 per cent; one year 15.40-15.50 per cent.

INTERNATIONAL MONEY MARKET

French rates steady

Interbank money rates showed little change in Paris yesterday in a predominently quiet market. Call money was quoted at 10⅞ per cent, unchanged from Monday, while period rates were also steady. With the level of short-term liquidity remaining adequate and a steady French franc, rates seem unlikely to change in the near future. But as some dealers pointed out, the French franc would almost certainly show a softer tendency in the run up to the Presidential election, and this may lead to higher rates, especially if U.S. interest rates continue to show a firm tendency.

In Frankfurt call money remained at 9.10-9.20 per cent. One-month money stood at 9.30-9.40 per cent, three-month at 9.35-9.45 per cent and 12-month at 9.00-9.20 per cent.

Amsterdam money rates were slightly firmer at the short end, with call money rising to 9⅛-9¼ per cent from 9-9⅛ per cent. Longer term rates were unchanged.

In New York, Treasury bill yields continue to rise, reflecting the high cost of holding a position, with bills yielding less than 16 per cent and Federal funds trading nearer 20 per cent. The continued fall in U.S. money supply encouraged the market to look for a slight easing in rates but Fed activity in the money market has tended to underline recent comments made by Mr. Paul Volcker, Federal Reserve chairman, that the authorities would not allow interest rates to decline as sharply as in the earlier part of 1980.

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	19⅞-20¼
Treasury Bills (13-week)	15.45
Treasury Bills (26-week)	14.30

GERMANY

Discount Rate	7.5
Overnight Rate	9.15
One month	9.35
Three months	9.40
Six months	9.35

FRANCE

Discount Rate	9.5
Overnight Rate	10.875
One month	11.0
Three months	11.4375
Six months	12.1875

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.0
Bills Discount (three-month)	8.90625

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day to day credit was in adequate supply in the London money market yesterday, and the authorities did not intervene. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements, but this was outweighed by balances brought forward by banks a moderate way above target. Discount houses were paying 13-13¼ per cent for secured call loans at the start, with later balances taken between 10 per cent and 12 per cent.

In the interbank market overnight loans opened at 13½-13¾ per cent and eased down to 12-12½ per cent soon after lunch. During the afternoon rates touched 12½-12¾ per cent but fell back to 11-11½ per cent before late balances were taken around 14 per cent.

GOLD

Little change

Gold showed little change in the London bullion market yesterday, with most people taking a cautious stand over the hostages situation in Iran. There was also some nervousness as U.S. interest rates showed a sharply firmer tendency. Gold finished at $563-566, just $2 an ounce up from Monday's close, but down from the day's high of $566-569. The metal opened at $562-565, and touched a low during the afternoon of $561-564.

In Paris the 12½ kilo bar was fixed at FFr 89,950 per kilo ($604.46 per ounce) in the afternoon, compared with FFr 89,990 ($604.52) in the morning and FFr 90,000 ($612.00) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,465 per kilo ($567.96 per ounce) against DM 35,810 ($565.55) previously, and closed at $562-565 compared with $561-563 on Monday.

In Zurich gold finished at $562-565 against $561-564.

	Jan. 13		Jan. 12	
Gold Bullion (fine ounce)				
Close	$563-566	(£235¾-237)	$561-564	(£234-235¼)
Opening	$562-565	(£235½-236¾)	$570-573	(£236⅝-237⅞)
Morning fixing	$566	(£236.919)	$564.25	(£234.372)
Afternoon fixing	$562.75	(£235.559)	$562	(£233.874)
Gold Coins				
Krugerrand	$581-582	(£243½-244½)	$580-582	(£241½-242½)
1/2 Krugerrand	$298-302	(£124¾-126½)	$296-300	(£123½-125)
1/4 Krugerrand	$151-155	(£63¼-65)	$152-153	(£63¼-63¾)
1/10 Krugerrand	$61-65	(£25½-27¼)	$62-64	(£25¾-26¾)
Mapleleaf	$575-580	(£241¼-242¾)	$574-578	(£239¼-241)
New Sovereigns	$142¾-143¾	(£59¾-60¼)	$142¼-143¼	(£59¼-59¾)
King Sovereigns	$169-171	(£70¾-71¾)	$168½-170½	(£70¼-71¼)
Victoria Sovs.	$169-171	(£70¾-71¾)	$168½-170½	(£70¼-71¼)
French 20s	$156-157	(£65¼-65¾)	$155-157	(£64½-65½)
50 pesos Mexico	$707-710	(£296-297¼)	$702-705	(£292¾-294)
100 Cor. Austria	$550-554	(£230¼-232)	$550-554	(£229¼-231)
$20 Eagles	$680-683	(£284¾-286)	$676-680	(£282-283½)

LONDON MONEY RATES

Jan. 13 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-14	13¼	—	—	12½-13¼	10-13½	—	—	—
2 days notice	—	—	13⅞-14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅝-14⅛	14-14⅛	—	14½	14¼-14⅝	13½-13¾	—	—	—
One month	14⅜-14 7/16	14¼-14½	14¼	15⅛-15½	14 11/16	14⅝-14⅞	13⅝-13¾	13-13 1/32	13 13/16-14	14¾
Two months	14 5/16-14 7/16	14 5/16-14 7/16	—	14⅞-15⅜	14 11/16	14⅞	13½-13⅝	12 29/32-12 31/32	13 27/32-13⅞	14⅝
Three months	14⅜-14¼	14¼-14½	14⅜	14⅜-14¾	14 11/16	14¾-14⅞	13½	12 13/16	13 25/32-13 13/16	14½
Six months	13⅞-13 15/16	13 13/16-14	14	14⅛-14⅜	14 3/16	14½	—	—	13	13⅝
Nine months	13⅝-13 11/16	13 11/16-13⅞	—	13⅞-14⅛	14⅛	14⅜	—	—	—	—
One Year	13 7/16-13 9/16	13 9/16-13 13/16	13⅝-13⅞	13¼-13⅞	14	14¼	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅝-13⅞ per cent; four years 13⅝-13¾ per cent; five years 13⅝-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13½-13 7/16 per cent; four-month trade bills 14¼ per cent.

Approximate selling rate for one-month Treasury bills 12⅞-12 31/32 per cent; two-months 12 25/32-12 29/32 per cent; three-months 12 27/32-12⅞ per cent. Approximate selling rate for one-month bank bills 13⅞ per cent; two-months 13¾ per cent; three-months 13 9/16 per cent; one-month trade bills 14½ per cent; two-months 14⅜ per cent and three-months 14¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.9149 per cent.

INTERNATIONAL COMPANIES and FINANCE

Jim Jones assesses prospects for Johannesburg share prices

Bull market runs out of steam

MAKING PROFITS ON the Johannesburg Stock Exchange will be a lot more difficult in 1981 than in 1980. That is the consensus of South African stockbrokers and investment managers *as they return from* their summer holidays to an increasingly complex investment environment.

In 1980, a profitable investment strategy was a relatively easy matter, particularly for non-gold investments. Essentially, *all an investor needed* to do was buy at the start of the year and wait for capital gains. The Rand Daily Mail 100 Industrial Index started 1980 at 456.3 and moved ahead relatively steadily to a peak of 680.5 on November 5, before *weakening to 596.1 at the year's* end.

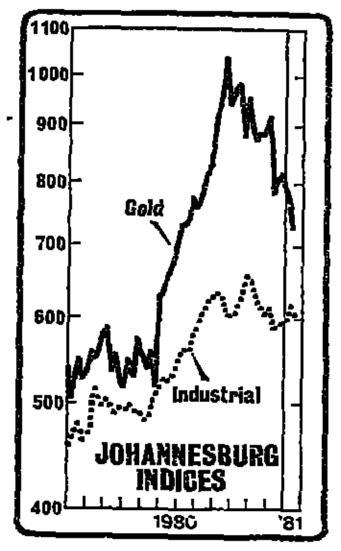
Gold shares, which were more influenced by foreign investors and the vagaries of the gold price, were a little more difficult to predict. Even so, investors who bought at the start of *the year and held on to their* shares generally made handsome profits. The Rand Daily Mail Golds Index, which opened at 540.3 on January 2, 1980, peaked at 1,026 on September 22 before weakening to end the year at 785.1.

In an environment like that, bullish investors, almost to a man, ignored bad news and concentrated their attentions on "positive" views.

But several Johannesburg stockbrokers warn that adopting such an exclusively bullish *standpoint could be a perilous* near-term investment approach for at least the first six months of 1981.

Reasons for this caution are that almost every projection of factors likely to affect the South African economy contrasts sharply with those at the start of 1980. Gold, which fuelled last year's growth, attracted foreign investors and pumped liquidity into the nation's money supply, is seen by many Johannesburg analysts as a *doubtful commodity this year.*

During the first part of 1980, South African investors were confident that almost any development in the world would be *good for the gold price.* Inflation rates were rising world wide, political developments such as the Soviet Union's invasion of Afghanistan added



to the world's insecurity and *the other supplier of new gold* to the market, the Soviet Union, was holding back on precious metal deliveries to the West.

As Johannesburg sees things, none of these factors is likely to exert upward pressure on the gold price, at least for the first *half of this year. High interest* rates in the U.S. coupled with falling inflation and further economic slowdown there, have lessened American interest in *bullion and gold shares.* Political developments, such as in Poland, were only of temporary benefit to the gold price, indicating that much of the metal's political price premium has disappeared. High interest rates militate against *speculative gold purchase.* And Russia is increasing gold sales.

A stagnating gold price does not augur well for gold mine dividends and will reduce South *Africa's internal liquidity.*

Most of the country's gold mines are in the process of reducing gold recovery grades and have embarked on expensive capital expenditure programmes which have trapped them in a *working cost spiral. The prospects* for dividends and gold share prices are all too obvious to investors.

But, if near-term prospects *are not particularly bright for* gold producers the picture is even bleaker for producers of base metals. Boards of all the country's major suppliers of steel industry metals have warned regularly that sales, prices and profits would remain *weak until the western world's* steel industries start to recover.

Turning to the industrial sectors, most of last year's share price advances were based *on expectations of considerably* higher corporate earnings and dividends. Ahead of official figures, Mr. Owen Horwood, the Finance Minister, has given a preliminary estimate that in 1980 gross domestic product grew by between 7 per cent *and 8 per cent* and that the balance of payments current account surplus was in the region of R3bn ($2.1bn).

Consumer spending advanced *strongly while* industrial South Africa filled previously underutilised manufacturing capacity to report significantly higher earnings and pay higher *dividends.* That growth was anticipated by investors.

By the start of 1981, however, warnings were coming steadily from industry and Government that growth rates would start levelling off sometime this year. Mr. Horwood predicts a growth rate in gross domestic product of about 5 per *cent for the year and warns* that in the latter part of the year, industry will enter a cooling off period.

Few company chairmen have *failed to end their annual statements* to shareholders without warning that 1981 is unlikely to see a repeat of 1980's profit growth rates.

Their caution is reinforced by steadily rising interest rates after a year of relatively cheap money.

Rates are expected to react further to the recent announcement that commercial banks are *to raise prime overdraft rates* from 9.5 per cent to 10 per cent on January 24.

The prospects for further interest rate increases this year *are good. Based on December's* figures, South Africa's inflation rate is running at an annual 17 per cent, while, as the year wears on, there is expected to be greater demand for bank lending.

Interest rate patterns, perhaps more than any other factor other than the gold price, are *expected to be the major* influence on Johannesburg share prices this year. However, weaker share prices need not mean a downturn in stock market trading volumes.

The best most stockbrokers expect is that institutional share buying will merely provide a cushion under the market and not be a factor which could restart the 42-month stock market boom which petered out *late last year. Nor, necessarily,* would an unexpected gold price advance spill over into higher industrial share prices.

The main preoccupation of the authorities is to rein in South Africa's money supply growth. The aim is to find appropriate monetary and fiscal policies which will result in *realistic market-related interest* and exchange rates.

At the start of the year, most economic indicators point to an end to the bull run in the stock market.

In addition there are a *number of discouraging political* factors, including the increasing number of strikes by black workers, the stresses of black families caught in the grip of inflation and the general disenchantment of many blacks with the country's economic and *political systems.*

If these factors prove to be *the most influential* as far as investors are concerned, then 1981 could see the start of a bear market for equities.

Bankers cautious in Turkish loan talks

By David Tonge

A GROUP of leading Western banks yesterday responded with cautious sympathy to a formal request by Turkey for *the revising of the terms* attached to $3.2bn of commercial loans.

The request had been long heralded by the Turks but was set out by Mr. Turgut Ozal, Deputy Prime Minister, at a meeting in London yesterday with 16 of the major banks involved in Turkey.

The loans were signed in 1979, with $2.4bn accounted for by short-term debts of the *Turkish commercial* banks which were bought by the Central Bank of Turkey. They were rolled over and the terms are now seven years with a three-year grace period and interest at 1¾ per cent over Libor.

The* banks have now begun co-ordinating their reply to the Turkish request and hope that they will be able to give an indication of their intentions by the end of January. Initial contracts between the banks began after the Turks had finished presenting their case yesterday. Participants say that the banks felt sympathy with the situation of Mr. Ozal and that he had *reinforced his personal* credibility. They say that the weekend sacking of Mr. Ismail Hakki Aydinoglu, the Central Bank Governor, did not *influence matters.

The banks maintain their view that Turkey does not need to begin repaying principal on the loans until 1982 and that there is no immediate business reason for changing the terms attched to the loans. However, they accept that the Government needs some support both to satisfy domestic opinion in Turkey and because members of the Organisation for Economic Co-operation and Development are looking for some backing for their aid programmes.

Final-quarter drop at Kaiser Aluminum

BY OUR FINANCIAL STAFF

A SEVERE setback in profits in the final quarter of 1980 has been disclosed by Kaiser Aluminium and Chemical, the third largest integrated *aluminium producer in the* U.S. For the full year earnings show a meagre gain of 6.6 per cent to $247.6m, or $5.91 a share.

The fourth quarter brought a 48 per cent slump in net earnings to $43m or $1.00 a share, although sales continued to move forward to reach $807.6m compared with $751.4m in the comparable period. The 1979 result included a $10.1m gain *from an accounting change and* asset sales.

For the full year, sales rose from $3.02bn to $3.35bn.

Overall shipments of metal were 1 per cent lower for the year at 979,500 tons, although the final quarter saw shipments *rise by 5 per cent on the* corresponding level in 1979 to 241,500 tonnes.

Mr. Cornell C. Maier, the chairman, gives credit for the increase in annual profits to the strong economic conditions in Europe which prevailed for much of the year in Europe and the Pacific basin. This had offset the effects of the economic recession in the U.S. and had led to significant earnings increases for its Australian and European affiliates, as well as "exceptionally strong" direct *international sales of primary* metal.

The company does not expect to do as well in the current year as the 6.6 per cent profit *increase* of 1980, which was accounted for by the strong earnings in the first half of the year, themselves helped by a low tax charge. Profits began turning down in the third quarter when a 7.4 per cent drop was recorded after the 38 *per cent gain for the second* quarter and a six month advance of 32 per cent.

Seatrain faces bankruptcy unless debt plan formed

BY OUR NEW YORK STAFF

SEATRAIN LINES, the ailing container ship company, said yesterday that it may have to resort to *the protection of the* bankruptcy laws unless it can reach some kind of agreement with its banks and creditors.

This information emerged in *a filing* the New York-based company made with the Securities and Exchange Commission.

Seatrain said that its cash position is still "severely strained," and that it will need the full co-operation of its primary bank, Chase Manhattan, if it is to survive. Seatrain owes Chase $54m, and there is another $70m that the bank has put up as security for more Seatrain debt.

Last month, Chase made available a further $5m in short-term money to help keep it in business.

The Seatrain filing revealed that the company had meetings with an unofficial creditors' committee just before Christmas at which it said it hoped to *survive,* provided a debt moratorium plan could be worked out.

But if it could not, Seatrain said yesterday, the company "may not be able to continue as a viable enterprise and may be compelled to seek relief under applicable insolvency laws, including the Federal Bankruptcy Code."

Seatrain has been steadily selling off its shipping operations.

Massey's Australian subsidiary reprieved

By Our Sydney Correspondent

CAPEL COURT, the Melbourne merchant bank, has given the Australian subsidiary of Massey Ferguson an 11th-hour reprieve, *allowing* the group another 10 days to repay a A$3m (US$3.6m) debt.

The bank's decision came on the eve of a meeting in London this week in which the Canadian-based farm machinery maker will try to complete a refinancing *plan with all its* international lenders.

Capel Court said it did not wish to press recovering the debt if this would prejudice the *refinancing* plans of Massey's US$2.65bn debt. But it warned that if no solution was reached that would satisfy the terms of repayment, Capel Court would force the issue and have the Australian operations wound up.

Although the local Massey operation could pay its debt, it refused to honour A$3m of bills of exchange owed to Capel Court.

Under section 222 of the Victorian Companies Act, Capel filed a petition to recover the debt, but *in reply Massey* decided to go into voluntary liquidation. Despite lengthy talks, no satisfactory solution has yet been reached.

Capel Court could have taken the first steps on Monday to wind up the Australian subsidiary, but the reprieve is viewed as a victory by Massey, *which has been playing* for time until the London meeting.

The crux of the dispute is that although Massey had the means to pay, it refused, and *this has provoked* a crisis in Australian merchant banking circles.

This has meant that Australian subsidiaries of large *international corporations* may now no longer be treated as separate identities from their parents, no matter how profitable they are.

Strong loan demand lifts regional banks' earnings

BY DAVID LASCELLES IN NEW YORK

SEVERAL regional U.S. banks reported higher 1980 earnings yesterday, thanks to a combination of strong loan demand, *improved spreads, and higher* fees.

***Mellon National Bank of Pitts*burgh** earned $30.6m ($1.56 per share) in the final quarter, up from $25.9m ($1.32) in the same period of 1979.

Wachovia Bank of North Carolina had fourth quarter *earnings of $14.8m (99 cents)* an increase of 28 per cent over $11.5m (74 cents) the year before. Full-year earnings were $54.3m ($3.46), up from *$46.6m ($2.93) in 1979.*

Trust Company of Georgia, one of the largest banks in the state, earned $37.7m in 1980 ($3.74) up more than a third *from $27.7m ($2.82) in 1979.* Fourth quarter earnings were $9.6m (95 cents) up from $7m (70 cents).

An exception to the trend was **National Detroit** which reported a 2.5 per cent decline in earnings from $82m ($6.77) in 1979 to $79.9m ($6.54). This was blamed on the pressure *that high interest rates put on* spreads, an increase in the provision for loan losses, and higher costs. Fourth quarter earnings were up from $22.3m ($1.84) to $23.5m ($1.92).

Penn Central to repay remaining $2bn of debt

BY OUR NEW YORK STAFF

PENN CENTRAL, the once-bankrupt railroad which is now building a new existence for itself as an energy, leisure and engineering concern, yesterday *unveiled plans to pay off the* last of its debts.

These amount to about $2bn, and represent about half the $4bn the company owed when *it went under in 1970. The first* half of the debts was paid off partly from the sale of the railroad's assets and partly by exchanging old securities for *shares in the new company.*

The final pay-off covers a series of notes, certificates and bonds issued to creditors during the reorganisation, which took eight years.

Funds to liquidate the debt come from the recent settlement of Penn Central's suit against the Government for compensation for the railroad *assets which were removed* from Penn Central during the reorganisation and transferred to Conrail, a newly-created railroad corporation

Penn was claiming $3.5bn but last November it settled for $1.46bn plus about $650m in interest from the date of the transfer, *April, 1976. This money will be handed over* tomorrow.

The settlement will cover all outstanding debts except the company's common and preference stock.

Dollar bonds slip in quiet trading

By Francis Ghilès

A $15m convertible bond to 1996 was launched for Marion Corporation by *Blyth Eastman* Payne Webber last night. The borrower, which is engaged in the exploration, refining and marketing of petroleum products, *is based in Alabama.*

Marion Corporation is paying an indicated coupon of 9 per cent and the bonds have warrants attached which *entitle the holder until* August 14, 1981, to purchase another bond at par plus accrued interest from January 15 to date of exercise.

Elsewhere in the dollar sector activity was mixed. *Most* houses reported a quiet day in straight bonds where prices slipped during the day by about ⅜ of a point. This fall was due not least to the rise in short-term interest rates. The three-month Libor rate rose by 1/16 of a point to close at 18⅜.

Some houses reported brisk *trading in certificates* of deposit, helped by the good level of new issue activity. Sumitomo Bank Ltd. issued $20m-worth of five-year CDs *carrying an interest rate set* at ¼ per cent above the six-month Libor rate. European Banking Company and Sumitomo Finance are joint lead managers.

One factor prompting investor interest in CDs is that yields available on good quality paper maturing this *year are sometimes as much* as 200 basis points above what is available on bonds of similar maturity.

In the D-Mar ksector, international bonds foll by ¼ of a point on average in thin trading.

Caisse National de Telecommunications is tapping the Swiss franc sector for SwFr100m through Union Bank of Switzerland. The bonds mature in February 1991 and carry a coupon of 5⅝ per cent.

Electricite de France is launching a Fl 100m public issue on the domestic market through an international syndicate led by *Algemene Bank Nederland.* This 15-year issue has a coupon of 10⅝ per cent and will be priced on Friday.

Kennecott offer falls short

By Our New York Staff

KENNECOTT'S tender offer *for Curtiss-Wright brought* it 2.1m shares, about half what it had been hoping for, the giant copper concern has revealed. This is equivalent to about a quarter of the outstanding Curtiss stock.

Kennecott's $40 per share bid was to have been followed by an exchange of securities *for the rest of the outstanding equity.* But Kennecott terminated the bid last Thursday, mainly, it appeared, because of the *thwarting tactics adopted by* Curtiss.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12.

Closing prices on January 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	92⅝	92⅞	−0⅛	−2	13.09
CFE 13 87	75	†89½	90¼	−0⅜	−2⅛	15.47
Citicorp O/S Fin. 10 86	300	87½	88	−0⅜	−1⅝	13.25
Citicorp O/S Fin. 12 87	200	94½	95	−0½	−1⅞	13.19
Con. Illinois O/S 9¾ 86	150	86⅛	86⅝	−0¼	−1⅛	13.34
Denmark 11¾ 90	100	89	89½	−0⅜	−2⅜	13.83
Dome Petroleum 13½ 92	50	97½	98	−1⅛	−3⅛	13.87
EEC 11 95 (May)	75	84⅞	85⅜	−1⅛	−2½	13.38
EEC 11 95 (August)	70	83⅜	83⅞	−1⅛	−2⅜	13.61
EIB 13¾ 90	100	99⅜	99⅝	−0⅝	−2¼	13.83
Eksportfinans 9½ 87	75	84⅜	84⅝	−0⅜	−1⅞	13.19
Elec. de France 10 88	125	84⅛	84⅝	−0⅜	−2¼	13.40
Export Dv. Cpn. 12¾ 87	100	97⅛	97⅝	−0⅜	−1⅜	13.35
Export Dv. Cpn. 9½ 86	150	86⅝	86⅞	−0½	−1¼	13.41
Fed Dev. Bank 12⅝ 85	75	†95⅞	96¼	−0⅜	−1¾	13.47
Fin Exp Credit 10½ 85	50	88⅛	88⅝	−0⅜	−2	14.13
Finland, Rep. of, 9½ 85	100	83⅜	83⅞	−0½	−1⅝	14.19
Ford Credit O/S 14⅝ 83	150	98⅝	99⅛	−0½	−1	15.09
Ford O/S Fin. 12⅝ 85	250	89⅝	90⅛	−0½	−1⅛	15.92
GMAC O/S Fin. 13¾ 85	100	97½	98	−0⅜	−2	14.06
GMAC O/S Fin. 12 87	100	92⅜	92⅞	−0⅜	−2	13.74
Gen. Mtrs. O/S 11¾ 87	100	91⅜	91⅞	−0⅜	−1⅜	13.70
Goodyear O/S 12½ 87	75	†95¼	96	−0⅜	−0⅝	13.52
Hudson's Bay 11½ 90	75	88⅞	89⅜	−1⅛	−2⅜	13.58
IBM Canada 10½ 85	50	94	94½	−0⅛	−3⅜	12.20
Int Harvester 12⅜ 85	115	†94	94½	−0⅜	−1⅜	14.50
J. C. *Penney* Int. 12⅜ 86	100	†95¼	95⅝	−1⅛	−2	13.57
McGraw 13½ 85	75	†95½	96	0	−1	14.84
NorWest Ind. 13⅝ 87	50	95⅞	96¼	−0⅜	−1½	14.59
Nova Scotia 10½ 90	50	85⅝	86⅝	−1⅛	−2½	13.44
OKB 10 85	50	89	89½	−0½	−1	13.27
Pemex 11½ 88	100	†86	86⅝	−1	−2⅜	14.57
Quebec Hydro 11½ 92	100	88⅛	88⅝	−0½	−1⅛	13.50
Repsteel O/S 11½ 88	100	†82⅞	83⅞	−1	−3	15.44
Royleese 11¾ 85	50	92⅜	92⅝	−0⅜	−1⅜	13.60
SNCF 12⅜ 85	50	96	96½	−0⅞	−2⅜	13.52
Sweden 12⅝ 85	150	95⅜	95⅞	−0⅜	−1⅞	13.65
Swed. Ex. Cred. 12½ 85	40	†95⅜	95⅝	−0⅜	−1⅝	13.95
Swed Ex. Credit 12 83	50	94⅞	95⅜	−0⅝	−1⅜	14.21
Transamerica 12¼ 83	50	95½	96	−0½	−1	14.28
Unilever NV 9¾ 90	100	82⅝	83⅛	−0⅜	−2⅛	12.96
World Bank 9¾ 85	200	86⅜	88⅞	−0⅜	−1½	13.27
World Bank 10¾ 87	300	87	87½	−0½	−1½	13.29

Average price changes... On day −0⅜ on week −1⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 90	100	93¼	94	0	−0½	9.39
Australia 8¼ 90	250	97½	98¼	−0⅛	+1¼	8.46
Austria, Rep. of 8¼ 92	150	93⅜	94½	0	0	9.13
BFCE 8¼ 95	100	92½	93¼	0	+0⅜	9.04
CECA 7⅞ 92	150	92⅜	92⅞	−0¼	−0⅞	8.93
Cll-Honeywell 8¾ 90	125	94⅞	95⅝	0	−0⅜	9.13
Denmark 8¼ 92	100	95	95⅜	0	+0⅛	8.92
EIB 8½ 90	200	96⅜	97⅛	−0⅛	−0⅛	9.02
ESCOM 9¾ 87	100	97⅝	98⅜	−0⅛	0	9.65
Iberduero SA 9 90	100	97½	98¼	+0¼	−0⅛	9.33
Ind. Bk. Finland 8½ 90	50	94	94¾	0	−0⅛	9.39
Japan Air Lines 8⅛ 87	100	95⅞	96⅝	−0½	−0⅜	8.87
Japan Dev. Bk. 7⅝ 87	100	92½	93⅛	−0⅜	0	9.09
Kobe, City of 8 90	100	93⅞	94⅞	+0⅛	+0¼	8.89
Midland Int. Fin. 8½ 90	180	95⅞	96⅝	−0⅜	−0⅜	9.08
Norway 7½ 85	250	97	98	−0¼	−0⅜	8.26
Nuclebros 9¾ 89	100	91½	92¼	0	−0⅛	11.37
OKB 8¼ 92	150	92¾	93½	0	+0⅛	9.23
Oslo, City of 8¾ 90	80	99⅜	100⅛	−0⅛	+1	8.72
Venezuela, R. of 9¾ 90	150	97⅝	98⅜	+0⅛	*0*	10.07
World Bank 8 90	700	93⅛	93⅞	−0¼	−0⅝	9.03
World Bank 10 86	150	107	108	+0½	+2	8.18
World Bank 10 90	200	107⅝	108⅜	−0⅜	0	8.73

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	97½	97¾	−1½	+0⅛	5.70
Bayer Int. Fin. 5¼ 92	100	100¼	100½	0	+0¼	5.20
Bergen, City of 6 90	50	†101	102	+0⅜	+0⅛	5.78
Buhrm'n-Tetterode 7 90	40	104¼	105	−0½	+0⅜	6.29
Copenhagen Tele. 5¾ 90	60	95½	95½	−0⅜	−0¼	6.36
Denmark 5¾ 90	80	97⅜	97⅜	−0⅜	+2¼	6.10
EIB 4½ 94	100	86	86¼	0	−0⅜	5.88
Elet de France 5¼ 90	100	98½	98⅝	+0⅛	−0⅛	5.43
Eurofima 5¾ 92	80	101½	102	0	0	5.54
F. G. H. Hypo. Bk. 6 90	60	†102½	103	0	+0¼	5.61
Finland, Rep. of 5½ 90	80	93¾	94	−0¼	+0¼	6.50
GZB 4¼ 89	100	88	88¼	−0⅛	+0¼	6.03
Int-Amer. Dev. 7 90	80	105	105¾	+0⅛	+0½	6.22
Japan Dev. Bk. 5¾ 90	100	102	102¼	−0¼	+0¼	5.46
Jutland Tele. 5½ 90	50	†95	96	−0⅜	+0⅛	6.16
Mt. Blanc Tunnel 5½ 90	60	98⅜	98⅜	−0¼	−0¼	5.70
Newag 5¾ 90	80	100⅜	101	+0⅛	−0⅛	5.62
Nippon Tel. & T. 4¼ 89	100	93¼	93½	−0½	−0½	5.21
Norges Komm. 4½ 91	100	87¼	87½	+0¼	+1	6.00
OKB 4⅝ 91	100	89¼	89½	−0¼	−0¼	5.72
OKB 6 90	100	101½	101⅞	+0¼	0	5.78
Oslo, City of 4⅜ 91	100	88¼	88½	+0¼	+0¼	6.14
Oslo, City of 5⅞ 90	80	†100⅝	100⅞	−0⅜	−1	5.77
Philips Lamps 5¾ 92	100	96⅜	96⅝	−0⅜	+0⅜	5.67
Sekisui Pre. Hms. 6 90	80	102	102¼	+¼	0	5.70
Shikoku El. Pwr. 4¾ 89	100	92½	92¾	0	+0½	5.88
Trade Dev. Fin. 6⅛ 90	50	95½	95¾	−0⅜	−1¼	6.75
Voest-Alpine 5¾ 90	80	99	99¼	+0¼	+0¼	5.87

Average price changes .. On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅜	92⅜	0	+1½	8.92
Australia 6¼ 88	20	87⅝	89⅜	−0⅛	+1⅞	8.74
EIB 7⅜ 89	12	92	93¼	−0⅛	−0¼	9.00
Finland 5.6 83	10	90⅝	91⅝	0	+0⅞	9.31
Finland 6.8 88	10	86⅝	87⅞	−0⅛	+0⅞	9.32
Finland, Rep. of 8⅜ 87	15	94⅜	95⅜	−0¼	0	9.46

Average price changes .. *On day* −0¼ on week +1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	90⅞	91⅜	0	+1⅛	12.98
CIBC 13½ 86 C$	50	†98¾	99½	+0¼	+1⅛	13.72
CIBC 11½ 85 C$	60	†93½	94¼	−0¼	+0½	13.24
Federal Dev. 11½ 90 C$	60	†87¼	88	+0⅜	+1	13.89
Fst. Can. Inv. 10 84 C$	50	†90	90¾	0	+1⅛	13.73
R. Bk. Canada 10 86 C$	40	90⅜	91⅜	0	+1⅛	12.30
Tordom Cpn 13½ 85 C$	30	†98½	99⅛	0	+0¼	13.80
M. Bk. Dnmk. 9 81 EUA	25	90	91	0	0	10.50
SOFTE 8¾ 89 EUA	40	87½	88¼	0	+0⅜	10.46
U. Bk. Nrwy 9½ 90 EUA	18	98⅜	100	0	+0⅛	9.60
Bk. Mees & H. 10 85 Fl	75	101⅛	101⅝	−0¼	−0⅛	9.55
F. G. Hypo 9¾ 87 Fl	60	94	94½	0	−0½	10.99
Heineken NV 10 87 Fl	100	98	98½	0	+0⅛	10.36
Nat. Inv. Bk. 10 87 Fl	75	97¾	98¼	+0⅛	+0½	10.41
Nat. Neder. 9½ 87 Fl	60	95	95½	−0⅛	−0⅛	10.51
Ned. Midd. Bk. 10 85 Fl	75	101	101½	0	0	9.63
Aero Paris 13½ 87 FFr	150	96⅜	97⅜	0	+0⅜	13.77
Charb'nages 13⅞ 85 FFr	400	99⅛	100⅜	*0*	−0⅛	13.89
CECA 14¼ 85 FFr	150	100⅜	101⅜	0	+0⅛	13.89
EIB 14⅛ 88 FFr	300	99⅛	100⅛	+0⅛	+0⅛	14.18
Finland 11 84 FFr	80	90⅜	91⅜	0	0	14.11
Gaz de France 11 84 FFr	150	91⅛	92⅛	0	+0½	13.85
Le Redoute 14¼ 85 FFr	125	96⅞	97⅞	−0½	−0⅛	15.15
Renault 9¾ 85 FFr	100	84⅛	85⅛	−0⅛	+1⅞	14.67
Utd Mex Sts 14 85 FFr	150	98⅜	99⅜	0	+0⅜	14.21
Acona 14 85 £	20	94¾	95½	−0⅜	−0½	15.46
Beneficial Fin. 14¼ 90 £	20	93⅞	94⅝	−0⅛	−0⅛	15.40
Beneficial Fin. 14¼ 90 £	20	93¾	94½	−0½	+0¼	15.43
BNP 13½ 91 £	15	95⅝	96⅜	−0⅜	−0⅜	14.25
CECA 13½ 88 £	20	95¼	96½	−0⅜	−0⅜	14.32
Citicorp O/S 13½ 90 £	50	95⅞	95⅞	−1⅛	−0⅞	14.41
Fin. for Ind. 14½ 88 £	20	99⅝	100⅜	−0⅜	−0⅜	14.47
Fin. for Ind 13¾ 87 £	20	96¾	97¾	−0⅛	−0⅛	14.37
Gen. Elec. Co. 12½ 89 £	50	93¼	94¼	−0⅜	+0½	13.82
Peugeot SA 14 90 £	23	93⅞	94⅝	−0⅛	−0⅜	15.13
Rothschild 14¼ 90 £	12	96⅜	97⅜	−0½	−0⅝	14.87
Swed. Ex. Cr. 15¼ 85 £	20	102	102⅜	−0⅛	−0⅛	14.40
Banobras 8¼ 90 KD	7	†87⅛	87⅞	0	+0½	10.43
CCCE 8¼ 91 KD	10	†81½	82	0	+5⅝	11.21
Sonatrach 8½ 90 KD	12	†88½	88⅞	0	+0½	10.52
Akzo 9¼ 87 LuxFr	500	88⅞	89⅞	0	−0⅛	11.58
Euratom 9¾ 88 LuxFr	500	93⅛	94⅛	−0½	+0¼	11.05
Eurofima 10½ 87 LuxFr	500	98⅛	99¼	−0⅛	+0⅛	10.75
EIB 9¾ 88 LuxFr	600	95¼	96¼	+0⅜	+0¼	10.63
Volvo 9¾ 87 LuxFr	500	90⅛	91⅛	+0⅛	+0⅛	11.80

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	98⅜	99⅛	2/7	16⅜	16.81
Bk. of Montreal 5¼ 90	0⅛	99¾	100¼	18/6	19½	19.50
Bank of Tokyo 5¼ 89	‡0⅛	97⅞	98⅛	25/7	13.94	14.24
BBL Int. 5 86	0⅛	97⅛	98⅛	20/6	16½	16.84
Bergen Bk. A/S 6 89	‡0¼	97½	98	29/2	18.19	18.61
BNP 5½ 88	0⅛	98⅞	99¼	29/1	14.44	14.58
CNT 5¼ 86	§0¼	97⅜	98⅛	16/4	14⅛	13.52
Citicorp O/S F. 84	‡0	99⅛	99⅜	31/1	18⅜	18.49
C. Itoh 5¼ 87	0¼	97⅛	97⅜	18/3	12⅞	13.21
Co-operative Bk. 5 86	0¼	97½	98	15/5	15¼	15.60
Den Norske Credit 6 90	0¼	97⅜	98⅛	6/2	15¾	16.09
Genfinance 5¼ 87	0¼	97⅞	98⅛	30/4	15⅛	15.41
Giro. und Bank 5¼ 91	0¼	98	98½	23/3	20½	20.87
GZB 5½ 89	‡0⅛	98	98½	1/2	15.06	15.33
Jugobanka 8 89	0⅞	†91	93	23/5	16¾	18.21
Ind. Bank Japan 5¼ 87	0¼	97½	98	15/4	13.31	13.62
Ind. Bank Japan 5¼ 88	0¼	97	97½	9/4	13⅛	13.50
Lloyds Eurofin 8 90 £	0¼	94⅞	95⅜	3/7	14½	15.24
Lloyds Eurofin 5¼ 92	0¼	97⅞	98⅛	4/6	17⅛	17.53
LTCB Japan 5¼ 86	0¼	100⅜	100⅞	13/6	20.19	20.06
Man. Hanov. O/S 5¼ 94	‡0¼	97⅜	98⅛	29/2	18⅛	18.62
Midland Intl. Fin. 5 89	0¼	99¾	100¼	30/6	19.56	19.56
Midland Intl. Fin. 5¼ 92	0¼	97⅞	98⅛	5/6	17.19	17.52
Nacional Fin. 5¾ 86	0⅛	98⅜	98⅞	25/1	9.69	9.82
Nat. West. 5¼ 94	§0¼	95¾	96¼	14/4	13⅛	13.60
Nat. West. 5¼ 92	§0¼	95⅞	96⅛	23/4	13.69	14.24
Nippon Credit 5¼ 87	‡0¼	98⅛	98⅞	6/2	16.06	16.29
Sparebanken 6 87	0⅛	98⅜	99¼	19/6	19⅞	20.08
Standard Chart. 5¼ 90	0¼	97⅜	97⅞	6/3	12.06	12.36
Svenska Hndlsbk. 5 87	0¼	98⅞	99⅜	15/1	10	10.09
Bq. Ex. d'Alg. 4¼ 89 SF	0⅛	90	90½	18/6	7⅛	8.31

Average price changes... On day 0 on week −0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	102½	103½	−0⅜	15.17
Canon 6¾ 95	1/81	829	116	117	−0¼	4.01
Credit Suisse 4¾ 93	10/79	1278	113	115	0	−4.43
Digicon Fin. 8½ 95	10/81	29.5	98¾	100	−0⅛	9.59
Enserch Fin. 9½ 94	7/80	30.25	150	151	+0½	−3.53
Hanson O/S Fin. 9½ 95	1/81	1.92	101½	102½	−0⅛	−2.05
Ise Overseas 8¼ 2000	4/81	42	102	103½	−0⅜	6.87
Inchcape Ltd. 8 95	2/81	4.55	96¼	97¾	−0⅛	−2.37
Jaccs 7½ 95	11/80	565	116¾	117¾	−0⅜	3.50
Marion Int. Fin. 9 95	12/80	23.25	99	100½	−0⅜	−0.93
Matsushita El. 7½ 95	11/80	590	100⅞	101⅞	0	9.17
MEPC 8¼ 96	2/81	2.47	91⅛	92⅛	−0½	3.16
Niigata Eng. 7½ 96	1/81	327	102⅞	103⅞	−2	−4.46
Nissho-Iwai Co. 8 96	10/80	398	97⅛	98⅛	+7⅛	7.66
Ricoh 6⅜ 95	8/80	604	113	114	+0⅛	−1.47
Sumitomo M. Ind. 7 95	2/81	181	110½	111½	−2	−1.12
Swiss Bk. Cpn. 6¾ 90	9/80	200	93¼	95¼	−1¼	6.98
Taylor Woodrow 8¾ 90	1/81	4.34	92⅛	93⅞	−0½	3.27
Transco Int. 8¾ 95	2/81	68	94½	96	0	23.55
Tricorp 8½ 95	12/80	31.25	95½	97	+0⅜	22.77
Union Bk. Switz. 3 89	2/80	121.4	89¾	91¼	0	−12.51
Fujitsu 5 84 DM	7/79	431.5	139½	140½	−2	−4.53
Sharp Cpn. 6½ 88 DM	9/80	595	131½	132½	−1⅛	−3.79
Uny Co. 6½ 85 DM	11/79	967.3	106⅞	107⅞	−0⅛	0.16

* No information available—previous day's price.

† Only one *market maker* supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for *Yen bonds* where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. *C.cpn* = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change *on day.* *Cnv. date* = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion *rate fixed at issue. Prem* = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Leadership blamed for reverses at Ogem

By Charles Batchelor in Amsterdam

A STRONGLY critical report on the leadership of Ogem, the Dutch trading, industrial and construction group, blames two former chairmen and both the managing and supervisory boards for its recent reverses.

Ogem announced a surprise loss of Fl 24m ($11m) in 1979 on sales of Fl 5bn ($2.3bn) after having forecast profits. It has forecast a 1980 loss of more than Fl 100m after having said earlier that it expected to return to profit.

After sweeping management board changes which was the enforced resignation early last year of the controversial managing board chairman, Mr. Berend Udink, all the six supervisory board directors have now stepped down, and four new directors have been appointed.

A report prepared by Dr. P. Kuin, a retired director of Unilever, blames the supervisory board for laxity in overseeing the activities of Mr. Udink, and of his predecessor, Mr. Karel Fibbe, who was the architect of Ogem in its present form. Information did not reach all members of the managing board and was not passed on to the supervisory board, said Dr. Kuin, who was commissioned by the company last May to carry out the investigation.

Ogem continued to expand strongly at a time when it should have been consolidating earlier growth, the report says. The company's financial base was too small for its sharp rate of expansion and a promised consolidation did not start to take effect until 1980.

Mr. Udink is sharply criticised for maintaining Ogem's original forecast of a Fl 26m profit in 1979. Accountants called in by the supervisory board discovered there would be a loss. The revised forecast led to a reprimand for Ogem from the Amsterdam Stock Exchange.

Ogem is also rapped for its acquisition of a large minority holding in the West German building group, Beton und Monierbau, which shortly afterwards went into liquidation. The purchase went ahead on the basis of insufficient financial information and relied too heavily on the reputation of Beton.

Commerzbank to resume dividends for 1981

BY STEWART FLEMING IN FRANKFURT

COMMERZBANK, THE third largest West German bank, is planning a second successive year without asset growth in an effort to improve profitability.

Herr Paul Lichtenberg, who has taken over as caretaker chairman and chief executive at the bank after the resignation last month of Herr Robert Dhom, expects however to improve earnings in part by shifting assets into more profitable loans.

Meanwhile, he has formally confirmed that Commerzbank will not pay a dividend for 1980. But he expects the bank to resume dividends in 1981, and will aim to pay the dividend at a rate of one percentage point below the level of Deutsche Bank, the largest bank in Germany.

Herr Lichtenberg, who was the bank's chief executive until 1976 and can only hold the post again for at the most one year, also confirmed Commerzbank's interest in securing the services of Dr. Walter Seipp to take over the top job at the bank.

Herr Seipp is a vice-chairman at Westdeutsche Landesbank, which is apparently reluctant to see the man responsible for building up its international business take control of one of its main competitors.

In the course of his first Press conference since taking over again at Commerzbank, Herr Lichtenberg outlined plans for an abrupt change in the overall direction of the bank, which has come in for criticism for expanding aggressively without paying sufficient attention to profitability.

It is in part this rapid expansion which accounted for the 48 per cent decline in the pre-tax operating result at the bank in the first 10 months of last year and the decision to become the first German bank since the industry was reorganised after the Second World War to omit its dividend.

Among the plans outlined were a shift in lending away from the state towards the private customer, greater efforts to tailor long-term lending to the financing potential of the deposit base, efforts to reduce dependence on the money markets as a source of funds, no net expansion in its branch system and greater emphasis on rationalisation of branch services.

Concorde and fuel prices hit Air France result

BY TERRY DODSWORTH IN PARIS

PROFITS for Air France, the French nationalised airline, slipped to FFr10m ($2.2m) last year under the combined pressure of rapidly escalating operating charges and the heavy cost of running its supersonic Concorde services.

Last year's performance compared with net profits of FFr214m in 1979. Sales increased by about 15 per cent to FFr 15bn, but expenses rose faster, particularly on fuel, which cost the group's subsonic flights 50 per cent more than in the previous year.

Air France took comfort yesterday in the fact that it was one of the few world airline companies to make a profit last year. But M. Pierre Giraudet, chairman, warned that 1981 would pose even greater problems, forecasting that the company would either drop into losses or only just manage to break even.

Air France will have the advantage this year of carrying only 10 per cent of the operating losses on its Concorde services, after a new agreement with the Government. Last year state subsidies covered only 70 per cent of Concorde's deficit, which cost the airline a total of FFr 55m, all of which had to be charged against group profits.

The airline's heavy investment programme in new aircraft, which will involve the dropping of the last of its Caravelle fleet this year, led to an expenditure of almost FFr 2bn in 1980.

With cash flow running at FFr 900m, down from FFr 1.2bn in 1979, the airline was able to cover only 38 per cent of its expenditure needs from its own resources, but its agreement with the Government foresees heavy borrowing over the next few years, along with substantial capital injections by the state.

To a considerable extent, the company's prospects this year will depend on the new reduced tariff service in Europe, due to be launched in April.

Occupancy rates dropped by almost three points last year, to 61.6 per cent. However, overall capacity is due to rise by about 7 per cent in 1981 as several new and larger aircraft enter service.

German Xerox sees reduced earnings

By Our Frankfurt Staff

RANK - XEROX, of West Germany, is suffering a reduction in profits partly as a result of competition from Japanese copier companies. But the company has firmly denied reports that it is planning a major reduction in its workforce.

The company, which employs around 3,800 workers and has an annual turnover of around DM 700m, said that far from cutting staff it is anticipating that in 1981 the number of employees will increase to more than 4,000.

Rank Xerox of Germany is owned by Rank Xerox of the UK which in turn is 51.2 per cent controlled by the U.S. Xerox Corporation, with the remaining shares held by the Rank Organisation.

Japanese competition in the German copier market has already made an impact on some German copier manufacturers. In 1980 the Olympia subsidiary of AEG-Telefunken ceased making copying machines at its Kaufbeuren plant and began to buy similar products from Japan.

Malaysian plantation group lifts payout

BY WONG SULONG IN KUALA LUMPUR

BATU KAWAN, the plantation group controlled by Senator Lee Loy Seng, has boosted dividends by a third after reporting improved earnings. It is to pay a final dividend of 15 per cent, for an annual total up from 15 per cent to 20 per cent.

For the year ended August, 1980, Batu Kawan's pre-tax profit rose 16 per cent to 26.6m ringgit ($12m). The group, which has substantial stakes in Kuala Lumpur Kepong's Malaysia's fourth biggest plantation company, received a strong boost from its investment income, which rose from 13.6m ringgit to 17.4m ringgit.

Results from its own estates were uninspiring. Although group oil palm output was better, prices showed no improvement during the year and while rubber prices were better, this was neutralised by a 13 per cent decline in production and a sharp increase in production costs.

Gross sales of its products rose marginally to 61m ringgit, but pre-tax profit from its estates fell marginally to 9.1m ringgit.

Another company, controlled by Sen. Lee, Duff Development, also reported a lack-lustre year, with a marginal decline in profit to 3.2m ringgit ($1.45m) for the year to August. Owing to a lower tax charge, net profit was 14 per cent higher at 2m ringgit. The dividend for the year is maintained at 5 per cent.

- Malaysian Oxygen (MOX), the biggest industrial gas manufacturer in south-east Asia, has applied for a listing on the Kuala Lumpur stock exchange.

It is offering 4.825m shares of one ringgit each to the Malaysian public at a premium of 70 cents. About 50 per cent of shares are reserved for Bumiputra (Malay) institutions and the remainder will be available to the public. The issue will raise the Malaysian participation in Mox from 35 per cent to 45 per cent.

The parent company of Mox is ALBOC Holdings, a joint venture between BOC International of the UK and L'Air Liquide of France.

The new issue will raise Mox's paid-up capital to 30.7m ringgit ($13.95m). For the year ended 1980, the company recorded a pre-tax profit of 7.7m ringgit ($3.5m).

Lobbying for board seats with Tooth intensifies

BY KIM SLATER IN SYDNEY

THE FORMAL disclosure by Castlemaine Toohey that it held 8.98 per cent of rival brewer Tooth and Company, has intensified the behind-the-scenes lobbying for board membership of the troubled New South Wales group.

Both Adelaide Steamship, through its satellite DJ's Properties, and Industrial Equity, are in strong positions to seek directorships of Tooth and have made overtures to the company for board representation.

Adelaide Steamship controls 23 per cent of the company, while the aggressive corporate raider Industrial Equity (IEL) has a 10 per cent stake. The belated announcement by Castlemaine Toohey was no surprise and effectively cleared the air in the confused takeover situation.

But it may also have established that Tooth is more concerned by the presence of Adelaide Steamship and IEL than the stakes held by Castlemaine Toohey and Allied Breweries of the UK.

Castlemaine and Allied have a total interest of 20.78 per cent in Tooth, but there is no suggestion that either is acting in concert, and both have stated their interests were purchased for "investment purposes."

Elf's refining profits continue to deteriorate

BY OUR FINANCIAL STAFF

ELF-AQUITAINE, the French state controlled oil company, reports consolidated net earnings of FFr 4.3bn ($938m) for the first nine months of 1980.

The results compare with the FFr 3.1bn returned at the half way stage and with the FFr 5.6bn achieved for the whole of 1979. Sales in the nine months totalled FFr 54.2bn against FFr 56bn for all of 1979.

Elf explains that in the third quarter it experienced a "further and more serious deterioration" in the results of its refining and distribution activities.

It said overall results had been maintained at a level close to that observed in the first quarter thanks to the production division which performed well despite a seasonal downturn in sales of gas.

Consolidated cash flow in the nine months came to FFr 9.9bn, compared with FFr 11.9bn for 1979 as a whole. No comparison with the first nine months of 1979 is possible, as Elf only started publishing quarterly accounts last year.

- Secim, a subsidiary of the Creusot-Loire steel and heavy engineering group, has set up a subsidiary at Oak Brook, Illinois to market steel equipment.

WORLD STOCK MARKETS

Early Dow retreat of 8.2

CONTINUING MONDAYS late downward trend, Wall Street stocks mainly retreated yesterday morning in quieter trading, with many investors stepping to the sidelines to await more positive indications on the outlook for interest rates.

The Dow Jones Industrial Average was down 5.19 to 960.58 by 1 pm, while the NYSE All Common index fell 62 cents to $75.90. Declining issues led advances by a two-to-one margin after trading volume of 29.5m shares, well below the 37.43m recorded at 1 pm the previous day.

On Monday, the market opened strong on news of slowing money supply growth, but later gave up most of its gains on signs that the Federal Reserve would not let interest rates decline much at present. Some analysts forecast a jump in the money stock in the next banking report due to the timing of social security payments.

Litton lost 1¾ to $80. The Federal Trade Commission has ordered Litton to refrain from certain advertising claims regarding its microwave ovens.

Joy Manufacturing shed 1¼ to $52 despite reporting improved fiscal first-quarter profits. GCA, which on Monday announced plans for a $20m note offering, fell $4 to $63¾.

Diamond Shamrock receded ⅜ to $34⅛ and Kaiser Aluminum ¼ to $24⅞. Both reported lower fourth-quarter net earnings.

Gould, however, put on ¾ to $26⅞. It is holding talks to sell its industrial division to Reading or one of a number of other *companies for* about $380m.

THE AMERICAN SE Market Value Index was off 2.24 at 337.93 at 1 pm. Volume 2.93m *shares (4.18m).*

Canada

Mainly lower levels also prevailed on Canadian markets at noon after a fairly large turnover. The Toronto Composite index eased 4.7 to 2,248.2 at midday, Golds 11.7 to 4,408.4 and Oil and Gas 15.2 to 4,315.0.

Germany

Shares displayed mixed movements again after nervous trading. Brokers said some investors *were unsettled by signs of higher* U.S. interest rates and also lower German Bond prices.

Most leading shares posted marginal gains and *losses, with* operators adopting a wait-and-see attitude rather than making major dispositions, but several Machine Manufacturers scored good gains.

Deutsche Babcock advanced DM 9 to DM 193 on reporting that it would post *excellent* earnings for fiscal 1979-1980. Babcock's report boosted other Machine and related shares. *Linde rose DM 4 and* KHD DM 4.60.

Commerzbank, down DM 4.00 on Monday on rumours, now confirmed, that it *will* not be paying a dividend, recovered DM 2.80 to DM 132.70 on the company's assertion that it would rapidly return to *dividend-paying* profitability.

Public Authority Bonds were up to one point weaker, while the Bundesbank bought *DM* 11.9m of paper, after selling DM 5.5m on Monday. Mark Eurobond prices also fell, sustaining losses of as much as one point.

Hong Kong

Following the recent strong advance, the market turned sharply lower yesterday in active although reduced trading, but closed above the day's worst. The Hang Seng index, having risen some 60 points in the past two business days, retreated 34.45 to 1,596.27. A total turnover of HK$597.88m was recorded on the four exchanges, against Monday's HK$707.95m.

Shares opened weaker following profit-taking in London overnight and lost ground steadily after an early recovery, before being bought back on a late rally.

As on previous occasions, the market appeared cautious of surmounting the seven-year high of 1,654.57 *set last November,* while operators also believed it unlikely that local interest rates would start to come down before the Chinese New Year next month.

Swire Pacific "A," which jumped HK$ 2.30 on Monday but subsequently met heavy London profit-taking, ended 40 cents down at HK$14.90, after trading *as low* as HK$14.40. Subsidiary Swire Properties, up 90 cents the previous day, shed 40 cents to HK$16.00.

Australia

Among Golds, Central Norseman dipped 38 cents to A$8.50, GMK 80 cents to A$9.00, Poseidon 52 cents to A$5.50, Buddha 15 cents to A$1.30, Kitchener 25 cents to A$3.75, Allstate 15 cents to A$1.65 and Golden Valley 15 cents to 75 cents.

Elsewhere in Minings, MIM weakened 13 cents to A$4.25, Pancontinental 70 cents to A$10.20, Western Mining 14 cents to A$5.66 and Peko-Wallsend 20 cents to A$9.60.

Moving sharply against the trend in the Oil and Gas group was Santos, which rose 30 cents to A$17.50 in belated response to Monday's news of the oil and gas discovery at the Marabooka well in the Cooper Basin. Among the *Marabooka partners,* Crusader Oil, up 40 cents the previous day, added 2 cents at A$6.12, but Vamgas lost 30 cents to A$7.70.

Strata *Oil*, A$3.90, *surrendered* 25 cents of its previous good rise, just as the company is preparing to test its Woodada number three well.

Gold shares led a general retreat in thin dealings, with overseas investors showing little or no interest in Australian stocks. A sharp fall in the price of gold in London, due in part to hopes that U.S. hostages in Iran would be released before Reagan's inauguration, coupled with further losses in the prices of key metals on the London Metal Exchange, were the main depressing factors.

A fall of 9.3 in the Australian All Ordinaries index to 699.1 *marked the* market's fourth successive decline and a total loss of 28.8 since last Wednesday's close. The Metals and Minerals index slipped 17.6 to 683.6, although the Oil and Gas index, helped by some further bright spots in the sector, was only 3.6 easier at 951.8.

Tokyo

Stocks finished on a mixed note after a fair turnover. A number of recent market favourites lost a little ground on profit-taking, with investors tending to hold off in view of a high level of outstanding buying contracts in *margin trading.*

The Nikkei-Dow Jones Average shed 5.08 to 7,246.80 and the Tokyo SE index 0.43 to 504.72, but rises outscored declines on the First Market section by 340-to-322. Volume amounted to 350m shares (330m).

Steels, Heavy Electrical Machines, Precision Instruments, Light Electricals mainly receded *on light profit-taking* in the absence of buying support from corporate and foreign investors.

Matsushita Electric lost Y14 to Y853, Mitsubishi Heavy Y4 to Y205, Fuji Photo Y5 to Y905, Kawasaki Steel Y2 to Y150, Canon Y8 to Y872 and Sony Y10 to Y3,070, but TDK Electronic, Y3,460, and Victor, Y2,690, climbed Y40 apiece.

Non-ferrous Metals Oils, Coals and Synthetic Fibre Makers tended to decline, with Mitsubishi Metal easing Y4 to Y176, Koa Oil Y9 to Y793, Mitsui Mining Y2 to Y770 and Toray Y3 to Y279.

Shipbuildings, Fisheries and Chemicals were firmer-inclined Kanto Denka Kogyo rose Y80 to Y975.

Johannesburg

Gold shares drifted easier in slack trading. President Steyn closed R3 lower at R47 and Kloof R1.50 weaker at R37.50

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

Indices

NEW YORK —DOW JONES

NEW YORK ACTIVE STOCKS

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Campaign boosts UK apple prices

By Our Commodities Staff

THE "KINGDOM" marketing campaign aimed at boosting the quality and sales of English cox apples has had considerable success, Mr. Nicholas Longe, chairman of the Kingdom Group and a member of the UK Apple and Pear Development Council told a meeting of top fruit growers at National Farmers' Union headquarters in London yesterday.

"There is good evidence to show that Kingdom members have been getting some 2p per pound more than similar non-Kingdom members," he said.

The scheme, launched last Autumn aided by £300,000 worth of Government money, is designed to improve quality control, retail presentation and promotion of British apples in an effort to win back some of the market share lost in recent year to French Golden Delicious.

Mr. Longe said there were plans to extend it to Bramley cooking apples and Conference pears next season.

● Mr. Peter Walker, the Agriculture Minister, has appointed Mr. Robin Wight, a founding partner of the Wight Collins Rutherford Scott advertising agency, as one of his five marketing advisers. He replaces Miss Ann Burdus chairman of McCann and Co. Advertising, who announced last week that she was resigning from the Minister's marketing team because of pressure of other business.

Aluminium glut may force smelter closures

BY ROY HODSON

CLOSURES and production pauses at high-cost aluminium smelters in Europe and North America are likely to be forced upon the industry. Stocks of primary aluminium in the non-Communist world are now rising to what the producers consider to be uncomfortably high levels.

The recession has had the effect of reducing growth in demand from the usual annual rate of between 4 per cent and 5 per cent a year. High metal stocks and sluggish markets for finished aluminium products are depressing product prices.

The latest International Primary Aluminium Institute analysis shows that stocks rose to nearly 2m tonnes of primary metal by the end of November last year against a low point of under 1.4m tonnes six months earlier.

Although stocks have stood at higher levels in the past the big producers now see 2m tonnes as the high-water mark beyond which firm remedial action is necessary.

Total non-Communist world stocks of primary metal rose sharply between September and November last year by nearly 200,000 tonnes. The increases were spread fairly evenly across the main aluminium producing areas of the world.

The industry's short-term problems are not, so far, having any discernable impact upon the plans of the producers to spend large sums on new plant in the 1980s. The latest project is a 218,000 annual tonnes aluminium smelter in Orissa, North West India by National Aluminium of India and Pechiney of France. National will be the prime contractor and Pechiney will provide the technology and basic engineering.

The proposed Indian smelter will be supported by bauxite and alumina production in an integrated $1.5bn complex. Bauxite production could start in 1985 according to Pechiney, and aluminium production a year later. France will provide $400m in exports credits and government-to-government credits. A consortium of French banks will provide a loan of a further $680m. The remainder will be financed by the Indian Government.

Bauxite discoveries in Saudi Arabia's Ministry of Petroleum Gulf states plans for the production of alumina, writes Mary Frings in Bahrain. In October last year the Gulf Organisation for Industrial Consulting (GOIC) published a 15-year strategy for the aluminium industry in the region. Production of 2m tonnes of alumina a year from imported bauxite was then envisaged.

Tin values tumble

TIN PRICES tumbled on the London Metal Exchange yesterday to the lowest levels since early 1978. Cash tin closed £135 down at £6,080 a tonne after falling by £85 on Monday.

The market was reported to be almost devoid of consumer buying interest, and as a result there was little resistance to both trade and speculative selling pressure.

The decline was encouraged by a fall in the Penang market overnight where heavy offerings cut the Straits tin price by 0.36 Malaysian cents to 32.35 ringgits per kilo. This is still within the "middle" price range of the International Tin Agreement where the buffer stock is not allowed to operate without special permission of the International Tin Council, which is meeting in London this week.

Other metal prices were steady yesterday, awaiting further news about the possible release of the U.S. hostages in Iran. Lead and zinc were bolstered by the threat of a strike at seven Asarco mining, smelting and refining plants unless terms of a new labour contract can be agreed by tomorrow night. Little progress was made at talks yesterday between the company and union representatives.

Cold spell worries U.S. farmers

By Paul Betts in New York

THE FREAK weather in many parts of the US this winter is causing growing concern among farmers over their winter crops, especially in Florida where the unusual freeze in the last 24 hours has damaged citrus and vegetable crops.

The latest freeze in Florida is the hardest to have hit the southern state since the turn of the century, and a number of growers reported serious damage yesterday.

The Florida citrus belt was hit on Monday with abnormal temperatures ranging from 20 to 26 degrees F. forcing many farmers to take preventive action. Damage is expected to affect chiefly the orange crop and orange juice yields.

In the winter vegetable garden of the U.S. near Homestead, south of Miami, damage was also reported yesterday. Some farmers in the area fear the damage could be as heavy as in the last hard freeze in 1977.

Russian sprat ships leave Margate

Financial Times Reporter

THE TWO Russian factory ships which had anchored off Margate to buy sprats from local boats have left after rows with the fishermen who were not happy with the price they were receiving.

The Russians complained there was too much sand in the gills of the fish making them unsuitable for canning and tried to reduce the price they were offering. As a result a number of trawlers from Ramsgate refused to supply the ships, the Rudnyy and the Sarma.

The fishermen also complained that the Russian vessels were badly anchored making it difficult for them to unload their catches.

The two factory ships, diverted from the Iron Curtain fleet which annually gathers off the south west coast to buy mackerel, had been expected to stay off Margate for up to six weeks.

● Inshore fishermen's representatives will meet Whitehall officials today to protest against a "farcial ban" on the landing of small cod caught in the Irish Sea.

WOOL MARKET

Low stocks keep prices riding high

BY A CORRESPONDENT

WITH INFLATION stalking every commodity in the market, price increases do not mean much as an expression of economic performance. So when Australia, the world's largest exporter of wool, announced at the end of the 1979-80 season that it had received an all-time record of $A1,232.67m for the year's clip it said little more than that the producer was presumably still riding on the sheep's back.

As the second half of the season opens this week, Australian wool brokers are saying that sales for the whole clip should and Australia's partners in wool production and promotion—New Zealand, South Africa and Uruguay—expect similar prospects for themselves.

Yet even after inflation's cosmetics have been discounted, the outlook for wool as a fibre in the depressed world textile market is better than generally expected.

At the start of the season six months ago, it looked, with proceeds for Australian wool 19 per cent up on those of the year before, as though further improvement in a market where supplies were steadily growing would be slight or non-existent in the short-term. The Australian Wool Corporation set its "floor" price for 1980-81 at 14.8 per cent higher against prospects then rated as "solid." But the situation now seems to warrant somewhat more optimism for producers.

As always, stocks are crucial to the performance of a commodity sold by auction under a reserve price scheme, especially in view of unprecedently high interest rates. Stocks are now low, not only at the raw wool end of the supply pipeline, but also as processed tops and yarns. Whereas the Australian industry once held a stockpile of more than 2m bales, or about two-thirds of the national annual clip, this shrunk to a mere 164,000 bales at the end of November. The figure decreed by the AWC as its "strategic stockpile" is 250,000 bales. So alarm has been expressed that shrinking of the reserve to such a level could weaken the mechanism for moderating price fluctuations in the event of political or military crisis.

Also affecting the supply-demand equation is the fact that drought in Australia has reduced the amount of wool for sale in the second half of this season to about 1.35m bales, compared with 1.55m for the same period last year.

At the industrial end, Japan, the world's largest wool importer has in the past year run down consumption of greasy wool and production of scoured wool, tops and worsted yarns. But the decline of Japanese stocks and purchase points, as it does in other major wool-using countries, to the fact that stocks are at rock-bottom low levels and can be reduced no further. The only direction for market activity to go now is up.

Even Russia, which for years has been expressing its intention of becoming self-sufficient in wool, is doing its bit to brighten wool producers' prospects. Domestic demand in the Soviet Union is rising at least as fast as production, and it is unlikely that her record imports of 134.5m kilos in 1979 will fall much if at all in the foreseeable future.

If the outlook is improving for the finer wools that form the bulk of Australia's and South Africa's clips, it is just as good for the coarser crossbred types whose main source is New Zealand. The stockpile of 130,300 bales is 11,000 up on that at the start of the season, but the prospect for expansion is greatest for coarse wools.

In general, wool can be expected to continue to gain ground at the expense of synthetics in a market that is near enough to static, world output growing at about 1 per cent a year.

While mill consumption of synthetic fibres in the UK fell 27 per cent in the first 10 months of 1980, wool's decline was only 13 per cent, its proportion of total mill consumption rising from 55 to 56 per cent. Likewise, in the British carpet industry, man-made fibre usage declined twice as much as that of wool. In other end-uses, notably in menswear, womenswear and knitwear, wool's gains have been significant and positive.

Bacon prices 'too high'

By Our Commodities Staff

BRITISH HOUSEWIVES are still paying too much for bacon because of a Government policy aimed at protecting farmers' incomes, a representative of Danish producers said in London this week.

Mr. Svend Bernsen, managing director of ESS-Food UK, which imports Danish bacon to Britain, said the refusal of Mr. Peter Walker, the Agriculture Minister, to devalue the Green Pound—the artificial exchange rate at which EEC farm prices are translated into sterling—meant that a 5p "tax" was paid on every lb of imported bacon bought in British shops. This resulted from monetary compensatory amount (MCA) levies paid to cancel out the difference between the value of the Green Pound and sterling.

U.S. metals output down in 1980

THE FOUR-MONTH strike by U.S. copper workers last summer had a marked effect on mineral production for a number of metals, according to the U.S. Bureau of Mines.

Not only was copper output affected, but the production of gold—in some instances a by-product from copper mining—declined in 1980 to 930,000 ounces from 970,000 ounces in 1979, reports Reuter.

Also influencing the decline in gold were the rapidly rising prices the metal fetched, enabling producers to mine leaner ores and invest in exploration and mining.

U.S. consumption fell to 3m oz from 4.7m and exports, at 7.5m were 55 per cent down on 1979, largely due to a U.S. Treasury decision not to hold gold auctions.

In its year-end assessment the Bureau of Mines said the value of raw mineral production reached an estimated $8.7bn, only 2.6 per cent up. Domestic output increased for 11 metals, but decreased for 10.

Silver mine production fell by 16 per cent to 32m ozs largely because of strikes and imports fell by a similar percentage to 78m ozs. Exports however rose by 90 per cent to 35.6m ozs.

Copper mine output decreased to 1.18m tonnes from 1.44m previously and the Bureau noted that only the high production rates of the first half of the year kept the decline from being greater. Refined copper consumption fell from 2.16m to 1.87m tonnes, while imports rose to 370,000 tonnes from 130,000.

Tin consumption in the U.S. fell in 1980, and so did imports, from 53,000 tonnes to 49,000 tonnes. Output of platinum group metals—also byproducts from copper refining—fell, as did consumption.

Lead mine production, however, rose by about 9 per cent to 575,000 tonnes, with new mine projects and expansion of existing mines expected to add about 98,000 tonnes capacity by 1984. Consumption in the U.S. fell, mainly because of the decline in the use of lead as a petrol additive.

Zinc output increased to 320,000 tonnes (267,000) and aluminium up to 5.05m short tons (5.02m). Iron ore fell to 69m long tons from 85.7m because of depression in the steel industry.

EEC feed import curb attacked

HAMBURG — European feed traders fear EEC plans for bilateral quota agreements with producers of feed ingredients will aggravate an existing trade imbalance between the community and its trading partners, and threaten the basis of its trade with developing countries.

Potential tapioca consumption of around 8m tonnes a year has been effectively curtailed by a recently concluded quota agreement between Thailand and the EEC, the traders said here. Other agreements are planned.

But they noted that the Community had not confronted the U.S., which is its main supplier of animal feed ingredients.

By penalising tapioca exporters the EEC may lose supply of a potentially vital feed ingredient to the USSR, the traders said. Already the USSR has started to buy tapioca from Thailand.

The five European companies which traditionally import Thai tapioca into the EEC see the recent agreement as threatening the basis of EEC trade with developing countries.

Hamburg traders are also concerned over the temporary British ban on imports of groundnuts and cottonseed for use in feedmeal because of aflatoxin contamination.

The ban, effective from February 1, is against goods containing more than a certain level of aflatoxin B1 and may be followed by permanent measures when a working party study has been concluded, according to a recent statement by the UK Agricultural Supply Trade Association (UKASTA).

The measures could affect around 200,000 tonnes of imports to the UK including 70,000 tonnes of cottonseed, Hamburg traders said.

Some thought the British move was connected with over-use of these feedmeal ingredients which have potentially toxic effects.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Quietly steady in routine trading on the London Metal Exchange. Forward metal opened at £803 and moved up to touch £809 before closing the late Kerb at £807.5 reflecting short-covering ahead of today's U.S. Mint tender. Turnover: 21,325 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	783-4	+6	786-8	+5
3 months	802.5-3.5	+3.5	807-8	+3.75
Settlem't	784	+6	—	
Cathodes				
Cash	763-.5	+4.75	766-8	+5
3 months	783-.5	+1.75	787-8	+3
Settlem't	763.5	+4.5	—	......
U.S. Prod	—		*88-92.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £783; three months £805, 6, 5, 4.5, 4, 3. Cathodes: Cash £763; three months £784. Kerb: Wirebars: Cash £784; three months £804, 4.5. Afternoon: Wirebars: Three months £804, 4.5, 5, 7, 8, 7.5. Kerb: Wirebars: Three months £808, 7, 7.5, 8.

TIN—Fell sharply reflecting the continued absence of any consumer demand which triggered stale bull liquidation and fresh selling. Forward metal opened lower at £6,310, owing to the fall at Penang, and met persistent selling pressure throughout the day which depressed the price to £6,192.5 by the close. Turnover: 1,140 tonnes.

Morning: Standard: Three months £6,260, 70, 80, 75, 70, 60, 50. Kerb: Standard: Three months £6,250, 55, 50, 45. High Grade: Cash £6,130. Afternoon: Standard: Late-Jan. £6,255, early-April £6,247; three months £6,250, 42, 40, 30, 25, 20, 15, 10, 15. Kerb: Standard: Three months ...6,210, 6,200, 6,195.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6125-35	—85	6075-85	—135
3 months	6250-60	—85	6215-25	—120
Settlem't	6135	—85	—	......
Standard				
Cash	6125-35	—85	6075-85	—135
3 months	6250-5	—85	6215-20	—120
Settlem't	6135	—85	—	......
Straits E.	$632.35-0	—36	—	......
New York	—	......		

LEAD—Steady. Forward metal opened easier at £309 reflecting hedge selling in late trading on Monday, and further selling on behalf of U.S. producers. However, this selling was well met by consumer demand and the price lifted to touch £315 before easing to close the late Kerb at £313.5. Turnover: 9,125 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	301-2	—3.25	302-3	+1.5
3 months	315.5-4	—3	314.5	+2
S'ment	302	—3	—	......
U.S. Spot	—	......	*37-9	......

Morning: Cash £301; three months £312, 14, 13, 14, 13.5, 13, 13.5. Kerb: Three months £314, 15, 16. Afternoon: Three months £314, 14.5. Kerb: Three months £315, 14.

ZINC—Edged higher in quiet trading as trade interest left forward metal at £345.5 on the late Kerb. Turnover 9,100 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	332-4	+1.5	333-.5	+2.5
3 months	345-6	+2	345-.5	+2
S'ment	334	+2		......
Primw'ts			*41.5	

Morning: Three months £343, 44, 44.5, 45, 45.5. Kerb: Three months £345, 45.5. Afternoon: Three months £344.5, 45, 45.5, 46, 45. Kerb: Three months £345, 45.5.

ALUMINIUM—Firmer in quiet trading with the steadier trend in copper and the fall in sterling leaving forward metal at £626 on the late Kerb. Turnover: 9,350 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	602-4	-1	604.5-5.5	+6
3 months	623-.5	-.5	626-.5	+6.5

Morning: Three months £621, 22, 23. Kerb: Three months £623. Afternoon: Three months £623, 23.5, 25, 27, 26.5, 26, 24.5, 24. Kerb: Three months £626, 25, 25.5, 26.

NICKEL—Moved ahead on currency considerations with three months finally quoted at £2,702.5 on the late Kerb. Turnover: 186 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2710-20	+42.5	2715-25	+46
3 months	2700-5	+30	2700-5	+27.5

Morning: Three months £2,695. Afternoon: Three months £2,700.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 8.85p an ounce higher for spot delivery in the London bullion market yesterday at 626.55p. U.S. equivalents of the fixing levels were: [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	626.55p	+8.85	626.50p	+4
3 months	648.05p	+8.25	648.00p	+4
6 months	671.25p	+8	—	
12 months	716.05p	+8.4	—	

LME—Turnover 159 (169) lots of 10,000 ounces. [illegible]

COCOA

Although unchanged at the opening, cocoa futures eased as activity increased and closing levels were at new life of contract lows. Physicals were again ignored by producers reluctant to meet these lower values, however there was light consumer interest for the forward position both for cocoa beans and products, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or —	Business Done
March	859-854	-8.5	862-848
May	877-878	-9.0	888-875
July	901-902	-8.5	912-893
Sept	924-925	-9.0	932-920
Dec	955-954	-7.0	961-952
March	977-978	-8.0	986-977
May	999-1000	-7.0	1005-999

Sales: 2,814 (1,327) lots of 10 tonnes. ICCO Futures—Daily price for Jan 12 [illegible]

COFFEE

Prices fluctuated within the recent range with the majority of the early volume consisting of [illegible]

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

The London market opened steady on renewed trade buying, reports T. G. Roddick. Prices remained firm during the afternoon, however some slight [illegible]

SUGAR

[illegible]

COTTON

[illegible]

WOOL FUTURES

[illegible]

POTATOES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 13 1981	+ or —	Month ago
[illegible]			

MEAT/VEGETABLES

[illegible]

AMERICAN MARKETS

NEW YORK, Jan. 13.

PRECIOUS METALS recoverd on short-covering by local traders. Copper rallied on trade buying and finished with moderate gains. The Livestock complex rallied for small gains on stronger cash markets. Sugar was fractionally lower as new demand began to show up in the market. [illegible]

June 72.00-72.10, Aug. 72.30, Oct. 71.05, Dec. 72.05, Feb. 72.55.

Live Hogs—Feb. 46.60-46.32 (46.60), April 47.90-47.70 (47.30), June 51.00-51.35, July 53.00-53.10, Aug. 52.40, Oct. 51.50-51.30, Dec. 54.50, Feb. 53.40, April 56.45.

‡‡Maize—March 375¾-375 (376), May 382¾-382 (382), July 382¾-382½, Sept. [illegible]

Monday' closing prices

[illegible]

EUROPEAN MARKETS

ROTTERDAM, Jan. 12.

[illegible]

INDICES				
FINANCIAL TIMES				
Jan. 12	Jan. 9	Month ago	Year ago	
251.50	262.48	259.96	290.12	

(Base: July 1, 1952=100)

MOODY'S			
Jan. 12	Jan. 9	Month ago	Year ago
1215.4	1220.0	1210.5	1450.5

(December 31, 1931=100)

DOW JONES				
Dow Jones	Jan. 12	Jan. 9	Month ago	Year ago
Spot	443.06	445.16	424.48	418.87
Fut's	467.21	467.60	478.72	428.20

(Average 1924-25-26=100)

REUTERS			
Jan. 13	Jan. 12	Month ago	Year ago
1715.4	1721.8	1713.6	1706.0

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Engineerings feature in gloomy industrial markets
Gilts up slightly despite Borrowing Requirement rise

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 13

* "New time" dealings may take place from 9 am two business days earlier.

London equity markets continued to slip yesterday with investment initiative still blunted by the gloomy industrial and economic scene. For most leading shares, it was little more than a day of drifting values unaccompanied by any selling pressure but later in the session Engineerings ran into stock and turned distinctly uneasy. This followed talk that a major engineering group was experiencing financial difficulties and had appealed to the Government for aid; it was also suggested that a specialist broker had downgraded his profits forecast for **Tube Investments.**

Closing falls in the sector ran into double figures with the emphasis on Tubes, down 16 at 166p, **Guest Keen and Vickers.** As a result of the weakness in these, all constituents of the FT Industrial Ordinary share index, a 3.00 pm fall of 5.3 in the index was extended to one of 7.7 at the close of 447.4, its lowest for seven months. Elsewhere, **Fisons** weakened further after Monday's late drop on news that the group was abandoning plans to market the anti-asthma drug Proxicromil; yesterday's close was 138p for a two-day plunge of 50.

Gilt-edged securities surprisingly provided one of the few resilient areas. Despite the unexpectedly sharp rise in Central Government Borrowing Requirement, overall demand outweighed selling. Money was forthcoming for medium issues which also attracted a fair amount of switching from shorter maturities. The combination enabled quotations to improve after an indecisive opening, but final gains were seldom more than ⅛, after ¼, in all areas. Some partly-paid trading stocks tended to move lower, **Treasury** 11¾ per cent 1989 "A" shedding ⅛ to 25¼ in £30-paid form. The £20-paid long tap stock **Exchequer** 12¼ per cent 1999 "B" remained at 19¾.

Interest subsided in **Chinese bonds** and quotations usually drifted back a point, but the 4½ per cent 1898 lost 3 to £25.

Insurances dull

Quieter conditions prevailed in Traded options and 638 deals were arranged compared with Monday's 1,046. **BP** remained in favour with 149 trades, while 139 contracts were completed in **Marks and Spencer.**

Insurances took a distinct turn for the worse as renewed selling in an unwilling market took its toll. Comment on the interim figures prompted a fall of 7 to 103p in Hogg Robinson, while other Lloyds Brokers to fall included **Willis Faber,** 8 off at 257p and **C. E. Heath,** 6 down at 173p. **Bremnall Beard** softened a penny to 15p awaiting today's delayed preliminary figures. Composites drifted lower throughout the day with **Royals** new nil-paid shares showing a fall of 7 to 10p premium; the old closed 5 down at 330p. **GRE,** 290p, and **Phoenix,** 242p, lost 8 apiece, while **General Accident** cheapened 6 to 290p. Among Life issues, **Hambro** shed 8 to 290p; the group's new life business figures are to be released on Friday.

Interest in the banking sector was at an extremely low ebb. Against the trend, **Royal Bank of Scotland** edged forward a penny to 82p and **UDT** hardened a similar amount to 38p, the latter on revived takeover talk.

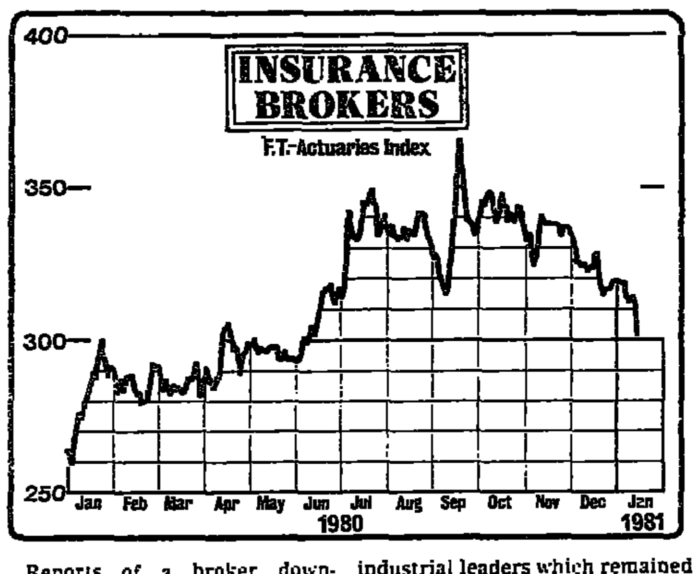
Leading Buildings usually resisted the generally dull trend. **Blue Circle** edged up 2 to 328p, while **Ready Mixed Concrete** and **London Brick** hardened a penny apiece to 132p and 59p respectively. **Redland** touched 154p before closing 2 dearer on balance at 153p. Secondary issues featured **SGB** which put on 8 to 138p in response to the better-than-expected preliminary results. Occasional interest left **M. J. Gleeson (Contractors)** a couple of pence firmer at 55p. Timber issues drifted easier for choice.

Worries about the preliminary results and dividend, due to be announced next month, further depressed **ICI** which closed 6 down at a 1980-81 low of 298p. **Fisons** dropped 17 for a two-day fall of 50 to 138p on the company's decision not to proceed further with its anti-asthma drug, Proxicromil. **Allied Colloids** hardened 2 to 100p in front of today's interim results.

Stores quietly dull

Leading Stores continued to drift easier for want of attention. **Gussies "A"** shed 5 at 463p, while **Marks and Spencer** dipped 3 to 114p. Speculative counters were again to the fore among secondary issues. Interest was directed towards Mr. Harvey Michael Ross's holdings and **H. Goldman** firmed 3 for a two-day gain of 8 at 45p, while **Sumrie Clothes** closed 5 to the good at 27p. **Harris Queensway,** on the other hand, met profit-taking and ended 4 lower at 192p. A useful trade was noted in **Dixons Photographic** which touched 140p before settling for a net gain of 3 at 134p; the interim results are expected tomorrow. **Fairdale Textiles "A,"** 17p, and **A. and J. Gelfer,** 53p, both added a penny following their respective interim statements. **Kean and Scott** closed 2 dearer at 36p; the price in yesterday's issue was incorrect.

Electrical leaders held relatively steady until the late dealings when quotations tended to drift easier. **GEC** fluctuated narrowly before finishing 2 cheaper at 580p, while **Plessey** ended a shade lower at 260p. Among the scattered movements elsewhere, revived demand lifted **Suter** 3 to 58p, with the Deferred 2 dearer at 56p. **Cray** edged up 2 to 78p, but **Farnell** closed 5 lower at 355p.



Reports of a broker downgrading his profits forecast for Tubes and other various adverse rumours prompted marked dullness in the Engineering leaders, particularly in the later dealings. **Tubes** closed around the day's lowest with a loss of 16 at 166p, while **GKN** dropped 12 to 137p and **Vickers** 7 to 129p. **John Brown** gave up 4 to 54½p and **Babcock** 5 to 91p. Dullness in **Davy Corporation,** down 6 at 159p, reflected doubts about whether the bid from Enserch will succeed. The trend was also to lower levels in secondary issues, but the majority of losses here were limited to a few pence. Revived selling left **Mining Supplies** 5 cheaper at 123p, while **ML Holdings** fell 10 to 250p in a limited market. **Evered** eased 1½ to 23p following the company's decision to recommend the bid of 22p per share from Francis Industries.

Leading Foods passed a rather uninspiring session. Leaders to ease a few pence included **J. Sainsbury,** 360p, and **Associated Dairies,** 188p. Elsewhere, **Somportex** touched 575p before closing a net 55 higher at 555p in response to the excellent interim figures, but **Bernard Matthews** shed 14 to 293p on lack of support.

Dull conditions persisted in Hotels and Caterers. **Ladbroke** and **Trusthouse Forte** shedding 4 apiece to 237p and 179p respectively; the latter's preliminary results are due next Wednesday. **Reo Stakis'** preliminary results matched market estimates, but the chairman's cautious remarks on current trading left the close 2 off at 50p.

Glaxo lower

Economic uncertainties continued to dampen investment confidence in the miscellaneous industrial leaders which remained vulnerable to small selling. Closing levels were usually the day's lowest with **Glaxo** and **Pilkington** both finishing 10 down at 242p and 252p respectively. Elsewhere, **Bestobell** declined 8 to 272p, **Gripperods** 4 to 91p and **Elson and Robbins** 3 to 33p. **Bardsey,** on the other hand, moved up 3 to 24p on speculative support. **Renwick** hardened a penny to 71p on the announcement that Kangra International had increased its stake in the company to 22½ per cent.

Horizon Travel, a rising market of late on reports of increased holiday bookings, shed 8 to 126p on reports of a slackening in demand. Elsewhere in the Leisure sector, **Glasgow Pavilion** relinquished 5 to 53p on the liquidation of recent speculative positions. **Pleasurama** and **Management Agency and Music** eased 3 apiece to 183p and 192p respectively, the latter following publication of the annual report.

Movements in Motors were usually against holders. **Dunlop** eased a couple of pence to 63p, while **Dowty** fell 5 to 197p. **ERF** gave up 2 more to 37p. Among Garages, **Caffyns** declined 3 at 120p, while **Tate of Leeds,** 60p, and **Kennings,** 67p shed 2 apiece; the last-mentioned reports annual result today. In contrast, second thoughts over the annual figures left **Braid** 3 better at 19p.

Further consideration of the annual results left **Daily Mail A** up 3 more at 451p, but the setback in full-year profits sclipped 5 from **Independent Newspapers,** 105p. Among advertising issues, Press comment prompted initial firmness in **Saatchi and Saatchi** which touched 273p before profit-taking left a close of 257p, down 10.

Properties had a firm feature in **Avenue Close** which jumped 19 to 80p in response to news that discussions are in progress which may lead to an offer for the company. Interest was shown in **Brixton Estates** which added 4 to 129p, but sporadic selling clipped 7 from *Stock Conversion,* 313p, and 6 from **Percy Bilton,** 188p. **Clarke Nickolls** put on 4 to 142p on speculative buying.

Oils ease afresh

Oils were easier again, but losses were relatively modest compared with the previous day's sharp reaction which followed adverse Press mention on the sector. Among the leaders, **BP,** down 6 at 390p, failed to benefit from the company's upgrading of the recoverable reserves from the North Sea Forties oil field. **Lasmo** fluctuated within narrow limits before drifting off to close 15 lower at 700p, while **Sovereign,** 388p, and **Tricentrol,** 308p, gave up 7 and 8 respectively.

The announcement that Hong Kong-based Hendon Green controls 6.53 per cent of the equity prompted increased speculative demand for **Boustead,** 6 up at 114p.

Mercantile House continued to attract buyers and closed a further 15 higher at 575p; the interim results are due on January 26. Elsewhere in Investment Trusts, **Alliance** drifted down 6 to 234p and **Dominion and General** relinquished 4 to 232p.

Textiles were again featured by **John Crowther,** which jumped 5 for a two-day gain of 9 to 31p following the sale by Mr. Joe Hyman of his 55.49 per cent stake in the company, at 22p per share, and his resignation as chairman and chief executive.

Golds steadier

Activity in mining markets was minimal, reflecting the uncertainty surrounding the possible release of the American hostages in Iran. The bullion price fluctuated narrowly before closing $2 firmer at $564.5 an ounce.

South African Golds opened firmer and edged higher during the morning on renewed short-covering after the recent sharp falls in the sector.

However, fresh selling came into the market and prices turned easier before steadying again in the after-hours' trade.

Closing prices generally picked up on balance and the Gold Mines index rose 5.7 to 372.8.

South African Financials managed minor gains in quiet trading but the London issues lost ground from the outset with sizeable selling reported in the afternoon.

Gold Fields dropped 8 to 487p and **Rio Tinto-Zinc** 7 to 405p, the latter despite the promising North Sea oil discovery by the Hamilton Brothers consortium in which RTZ's oil and gas subsidiary has a 25 per cent interest.

Australians remained a dull market as small-scale London *selling followed another poor* performance by overnight Sydney and Melbourne markets.

In the leaders, **Pancontinental** dropped 20 more to 515p, **Peko-Wallsend** 10 to 480p and **MIM Holdings** 4 to 211p.

The speculatives were under pressure all day and losses of around 5 were common to **Great Eastern Mines,** 20p, **Metals and Energy Minerals,** 22p, and **Swan Resources,** 66p.

A quiet Tins sector was featured by the sharp rise in **Malayan Tin,** 15 ahead at 103p, following demand from Kuala Lumpur and Singapore.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
ICI	£1	8	298	−6	402	298
Fisons	£1	7	138	−17	304	138
Royal Insurance 'New'	Nil/pd.	7	10pm	−7	31pm	10pm
Tube Invs.	£1	7	166	−16	312	166
Bass	25p	6	191	−2	243	188
BP	25p	6	390	−6	502	320
GEC	25p	6	580	−2	620	326
Marks & Spencer	25p	6	114	−3	121	77
BAT Inds.	25p	5	235	+1	295	223
Commercial Un.	25p	5	136	−3	180	125
Courtaulds	25p	5	53	—	87	49
Glynwed	25p	5	71	−2	103	68
Johnson Matthey 'New'	Nil/pd.	5	9pm	—	10pm	7pm
Ultramar	25p	5	480	−3	533	206
BICC	50p	4	167	−1	186	95

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 6	Jan. 16	Apr. 3	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26

For rate indications see end of Share Information Service

Stocks favoured for the call included FNFC, Charterhouse Petroleum, Smith Bros, Westminster Properties, William Press, Courtaulds, Premier Oil, Hampton Trust, Lesney Products, South African Land, Airfix, Thomas Locker A and Berwick Timpo. Puts were taken out in Mills and Allen, Sears, Polly Peck and Stothert and Pitt, while a double was arranged in Inveresk.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
58	F.P.	5/2	[illegible]	[illegible]	Amer. Comm. Inds. 20c	[illegible]					
$100	F.P.	6/2	[illegible]	[illegible]	Do. Notes 20c	[illegible]					
610	F.P.	[illegible]	[illegible]	[illegible]	Crampborn	[illegible]					
107	F.P.	12/1	134	113	Independent Inv. 25p	121					
50	F.P.	[illegible]	[illegible]	[illegible]	Mainland Mark. 10p	[illegible]					
100	F.P.	23/1	112	[illegible]	New Tokyo Inv. Tst 50p	112					
50	F.P.	30/1	[illegible]	[illegible]	Pennine	[illegible]					
	F.P.	[illegible]	[illegible]	[illegible]	Westpool Inv. Defd	[illegible]					

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price	+ or −
	Nil	14/1	[illegible]	[illegible]	Allied London 8½% Cnv. Uns. Ln. 1999	[illegible]	
	F.P.	[illegible]	[illegible]	[illegible]	Chester Waterworks 9½% Red. Pref. 1985	[illegible]	
100p	F.P.	28/1	[illegible]	[illegible]	Comben 11.875% Cum. Red. Pref.	[illegible]	
	F.P.	[illegible]	[illegible]	[illegible]	East Anglian Water 9% Red. Pref. 1985	[illegible]	
	F.P.	[illegible]	[illegible]	[illegible]	East Worcester 9% Red. Pref. 1985	[illegible]	
	F.P.	[illegible]	[illegible]	[illegible]	Essex Waterworks 8½% Red. Pref. 1985	[illegible]	
	F.P.	[illegible]	[illegible]	[illegible]	Johnson, Matthey 7½% Cnv. Uns. Ln.	[illegible]	
	F.P.	[illegible]	[illegible]	[illegible]	Mid-Sussex W'rw'ks 14% Red. Deb.	[illegible]	
	Nil	[illegible]	[illegible]	[illegible]	Paterson (R.) 11½% Cum. Cnv. Prf.	[illegible]	
	F.P.	21/1	[illegible]	[illegible]	Standard Industrial 11½ Pref.	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price p	+ or −
30	F.P.	5/1	34½	32	Bremar Trust	34	+1
115	F.P.	12/1	161½	135	Brotherhood P.	154	+1
75	F.P.	[illegible]	[illegible]	[illegible]	E. Midland Allied Press A	86	
5	F.P.	6/1	[illegible]	[illegible]	Grovebell	8	
210	F.P.	16/1	[illegible]	225	Hampton Gold Mining	250	−10
140	F.P.	[illegible]	[illegible]	[illegible]	Hanson Trust	[illegible]	
75	F.P.	19/12	180	154	KCA Intnl.	165	+3
100	F.P.	19/12	[illegible]	[illegible]	Lock...	[illegible]	
15	Nil	[illegible]	[illegible]	[illegible]	North Kalgurli Mines	3	
25	Nil	21/1	13.2	1pm	Prestwich Parker	1pm	
150	F.P.	15/12	111	108	Pritchard Services	116	
220	Nil		31pm	10pm	Royal Insurance	10pm	−7
80	F.P.	15/12	22/1	96	Scapa	96	
60	F.P.	9/1	13.2	67	Security Centres	75	
145	Nil	19/1	16.2	40pm	Warren Plants	45pm	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. †† London Listing. ‡ Resulting from debt settlement scheme. ° Units comprising 125 A Ord. & 5 12½% Cum. Pref.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Jan. 13, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Jan. 12 Index No.	Fri., Jan. 9 Index No.	Thurs., Jan. 8 Index No.	Wed., Jan. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	274.79	−0.9	15.46	6.02	7.27	277.28	280.41	279.77	281.53	223.47
2	Building Materials (27)	236.82	−0.6	19.59	7.29	6.00	238.33	240.49	240.01	242.39	206.79
3	Contracting, Construction (26)	410.79	+0.2	32.14	6.15	5.42	409.61	407.18	403.39	405.07	336.49
4	Electricals (27)	903.45	−0.6	10.05	2.90	12.26	909.47	923.15	923.60	926.48	576.53
5	Engineering Contractors (11)	379.29	−1.1	15.72	6.82	8.11	383.60	388.00	388.01	393.31	291.36
6	Mechanical Engineering (71)	164.60	−2.0	19.33	8.11	5.94	167.35	169.02	168.01	169.61	157.17
8	Metals and Metal Forming (13)	128.20	−3.6	23.23	13.02	6.07	132.99	133.84	133.57	134.64	154.04
9	Motors (21)	87.57	−1.3	23.55	9.63	4.96	88.66	90.32	90.28	90.54	108.56
10	Other Industrial Materials (15)	279.66	−0.3	16.20	7.71	7.20	280.44	284.47	283.18	285.53	0.00
21	CONSUMER GROUP (199)	228.79	−1.2	16.57	6.84	7.34	231.64	233.75	233.09	235.33	217.87
22	Brewers and Distillers (20)	254.42	−0.9	18.75	7.58	6.36	256.58	258.71	258.33	254.27	260.88
25	Food Manufacturing (23)	256.53	−0.8	19.27	7.70	6.17	256.20	259.70	258.31	209.65	199.70
26	Food Retailing (14)	459.35	−1.3	15.32	3.37	11.59	465.47	471.46	470.57	481.79	313.23
27	Health and Household Products (7)	245.67	−1.3	10.79	5.81	11.02	248.91	251.59	252.04	254.27	205.13
29	Leisure (22)	334.09	−1.1	16.45	6.67	7.63	337.83	340.94	339.25	340.67	295.17
32	Newspapers, Publishing (12)	423.50	−0.9	21.75	7.32	5.98	427.01	433.13	425.98	435.35	315.35
33	Packaging and Paper (15)	110.20	−0.9	29.52	11.06	3.95	111.16	111.47	111.55	112.35	120.80
34	Stores (44)	240.96	−1.4	12.36	5.23	10.59	244.49	245.85	245.81	246.08	210.04
35	Textiles (21)	125.77	−0.2	20.76	10.90	6.30	126.06	126.28	126.13	126.41	131.02
36	Tobaccos (3)	237.87	−0.3	29.25	13.26	3.89	193.75	195.77	195.48	197.53	215.20
39	Other Consumer (18)	234.41	—	15.73	8.50	8.20	234.39	235.77	236.77	237.29	0.00
41	OTHER GROUPS (78)	209.60	−0.3	16.95	8.14	6.29	211.22	213.44	214.22	215.11	195.95
42	Chemicals (15)	278.08	−1.5	21.10	9.55	5.51	282.52	286.74	288.39	288.34	290.19
44	Office Equipment (6)	95.85	−0.1	22.15	6.55	5.57	96.03	97.30	98.61	98.37	105.29
45	Shipping and Transport (12)	522.64	−0.2	15.47	7.19	8.35	523.78	530.42	532.69	535.94	498.24
46	Miscellaneous (45)	259.05	−0.2	17.37	6.50	7.17	258.47	259.60	256.56	252.45	232.05
49	INDUSTRIAL GROUP (488)	243.05	−0.9	15.31	6.73	7.54	245.37	247.94	247.72	249.31	219.77
51	Oils (12)	665.75	−1.3	22.25	5.07	4.62	877.92	893.72	900.17	879.66	640.58
59	500 SHARE INDEX	292.50	−1.0	16.23	5.83	6.17	295.48	293.92	299.30	299.18	257.55
61	FINANCIAL GROUP (118)	228.44	−0.8	—	5.85	—	230.31	231.75	230.82	231.29	186.85
62	Banks (6)	237.04	−0.4	43.15	7.20	2.78	237.92	239.98	240.49	239.87	218.83
63	Discount Houses (10)	263.58	−0.1	—	7.71	—	263.72	265.44	264.82	294.43	233.59
64	Hire Purchase (5)	195.60	+0.5	12.37	5.32	10.91	195.53	196.23	194.82	195.73	173.04
65	Insurance (Life) (10)	224.93	−0.9	—	5.66	—	225.80	227.20	223.69	222.74	154.41
66	Insurance (Composite) (9)	142.52	−1.8	—	8.21	—	145.20	146.31	145.42	144.77	125.07
67	Insurance Brokers (9)	300.58	−3.1	15.33	7.71	8.94	310.31	312.61	311.23	313.78	285.34
68	Merchant Banks (13)	143.09	−0.3	—	5.40	—	143.83	145.77	146.54	148.70	93.54
69	Property (45)	437.99	−0.3	3.36	2.81	41.42	439.47	441.92	444.40	442.50	331.23
70	Miscellaneous (11)	169.04	−0.5	15.94	5.77	7.97	170.74	169.91	169.88	171.28	127.13
71	Investment Trusts (109)	275.09	−0.2	—	5.44	—	275.62	278.30	278.33	278.80	221.85
81	Mining Finance (3)	220.77	−1.6	14.52	6.10	7.90	223.44	225.02	222.42	224.20	182.50
91	Overseas Traders (20)	422.70	−0.7	11.94	6.95	10.16	425.72	425.24	425.05	428.70	352.36
99	ALL-SHARE INDEX (750)	279.05	−1.0	—	6.37	—	281.77	283.76	283.75	286.11	239.93

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 13	Day's change %	Mon., Jan. 12	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.48	+0.04	107.44	—	0.57
2	5-15 years	109.05	+0.12	108.92	—	0.22
3	Over 15 years	112.76	+0.06	112.69	—	—
4	Irredeemables	125.87	+0.07	125.79	—	—
5	All stocks	109.46	+0.07	109.38	—	0.22

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., Jan. 13	Mon., Jan. 12	Year ago (approx.)
1	Low Coupons	5 years	11.90	11.91	12.00
2		15 years	12.32	12.34	12.00
3		25 years	12.43	12.44	12.00
4	Medium Coupons	5 years	13.59	13.60	14.15
5		15 years	14.02	14.03	13.69
6		25 years	13.74	13.74	13.56
7	High Coupons	5 years	13.65	13.65	14.52
8		15 years	14.24	14.26	14.16
9		25 years	13.96	13.96	13.84
10	Irredeemables		11.68	11.68	11.02

		Tues., Jan. 13 Index No.	Yield	Mon. Jan. 12	Fri. Jan. 9	Thurs. Jan. 8	Wed. Jan. 7	Tues. Jan. 6	Mon. Jan. 5	Friday Jan. 2	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.14	13.20	52.16	52.05	52.03	52.15	52.15	52.13	52.08	49.83
16	Investment Trust Prefs. (15)	51.15	13.13	51.15	50.98	50.98	50.98	50.98	50.98	50.98	47.00
17	Coml. and Indl. Prefs. (20)	67.99	13.23	67.99	67.76	67.76	67.74	67.68	67.71	67.71	61.89

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

FINANCIAL TIMES STOCK INDICES

	Jan. 13	Jan. 12	Jan. 9	Jan. 8	Jan. 7	Jan. 6	A year ago
Government Secs.	68.39	68.31	68.63	68.55	68.86	69.02	68.05
Fixed Interest	70.27	70.22	70.34	70.45	70.61	70.70	68.49
Industrial Ord.	447.4	455.1	461.2	459.3	460.2	467.6	441.7
Gold Mines	372.8	367.1	390.9	391.7	404.9	421.1	337.0
Ord. Div. Yield	7.97	7.85	7.74	7.76	7.77	7.69	7.41
Earnings, Yld. % (full)	17.84	17.57	17.32	17.38	17.39	16.99	18.39
P/E Ratio (net) (*)	6.87	6.98	7.06	7.05	7.05	7.22	6.70
Total Bargains	19,583	20,462	18,753	20,778	20,276	20,212	25,427
Equity turnover £m.	—	78.37	129.76	115.12	106.46	95.21	115.07
Equity bargains total	—	13,359	17,025	12,952	15,629	15,447	17,201

10 am 454.4. 11 am 453.0. Noon 451.0. 1 pm 450.0.
2 pm 449.8. 3 pm 449.8.
Latest Index 01-246 8026.
*Nil = 6.34.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'ti'n High	Since Compil'ti'n Low
Govt. Secs.	73.54 (21/7)	63.86 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (16/7)	64.70 (10/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	265.5 (18/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 13	Jan. 12
—Daily		
Gilt Edged	141.7	101.6
Industrials	88.6	91.3
Speculative	38.8	27.8
Totals	70.4	67.5
5-day Avrge.		
Gilt Edged	118.6	118.9
Industrials	88.2	89.4
Speculative	31.6	30.0
Totals	87.0	67.5

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (21)

BRITISH FUNDS (3)
Treas. 3½pc '79-81 · Excher. 3pc 1983 · Excher. 8½pc 1981 · Excher. 3pc 1983 A · Treas. 3pc 1982
COMMONWEALTH & AFRICAN LOANS (1)
Zimbabwe Ann
AMERICANS (2)
American Medical · Union Carbide
BANKS (1)
Sec. Pacific Corp.
ELECTRICALS (2)
Rediffusion · Suter Elec.
FOODS (1)
Somportex
PAPER (1)
Saatchi & Saatchi
PROPERTY (2)
Avenue Close · Clarke Nickolls
TEXTILES (1)
Crowther (J.)
TRUSTS (2)
Britannia Arrow · Mercantile House
OVERSEAS TRADERS (1)
Boustead
RUBBERS (2)
Bertam Cons. · Malakoff

NEW LOWS (58)

BRITISH FUNDS (1)
Treas. 11½pc 03-07 A
BANKS (2)
Bank of Ireland · Cie. Bancaire
BEERS (2)
Distillers · Invergordon · Tomatin
CHEMICALS (3)
BASF · British Tar · Fisons · Laporte Inds.
STORES (1)
Northern Goldsmiths
ELECTRICALS (3)
Baker Elec. · Berec · Muirhead
ENGINEERING (13)
[illegible]
INDUSTRIALS (17)
[illegible]
INSURANCE (3)
[illegible]
MOTORS (6)
[illegible]
NEWSPAPERS (1)
[illegible]
OIL & GAS (2)
[illegible]
MINES (1)
RTZ 9¼pc Uns. Ln.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	60	71	24
Corpns. Dom. and Foreign Bonds	4	8	58
Industrials	128	352	912
Financial and Prop.	36	225	237
Oils	15	31	22
Plantations	4	2	17
Mines	47	52	58
Others	18	33	51
Totals	352	722	1,379

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Free World Fund Ltd.
G.T. Management Ltd.
Gartmore Invest. Ltd. Ldn. Agts.
Assicurazioni GENERALI S.p.A.
Guinness Mahon Fd. Mgrs. (Guernsey)
Hambro Pacific Fund Mgmt. Ltd.
Hambros Fd. Mgrs. (C.I.) Ltd.
Henderson Admin. (Guernsey) Ltd.
Henderson Baring Group
Hill-Samuel & Co. (Guernsey) Ltd.
Hill Samuel Invest. Mgmt. Intnl.
International Pacific Inv. Mgmt. Ltd.
Jardine Fleming & Co. Ltd.
Kemp-Gee Management Jersey Ltd.
Keyser Ullman Ltd.
King & Shaxson Mgrs.
Kleinwort Benson Group
Kredietbank N.V. (Belgium)
Lazard Brothers & Co. (Jersey) Ltd.
Lloyds Bk. (C.I.) U/T Mgrs.
Lloyds Bank International, Geneva
M & G Group
Management International Ltd.
Midland Bank Tst. Corp. (Jersey) Ltd.
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Nat. Westminster Jersey Fd. Mgrs. Ltd.
Negit S.A.
N.E.L. International Ltd.
Pacific Basin Fund
Phoenix International
Quest Fund Mngmt. (Jersey) Ltd.
N.V. Interbeheer
RBC Investment Managers Limited
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)
Rothschild Asset Mgt. (Bermuda)
Save & Prosper International
Schroder Life Group
Schroder Mngt. Services (Jersey) Ltd.
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents.
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd.
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Utd. Intnl. Mngmnt. (C.I.) Ltd.
United States Tst. Intl. Adv. Co.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
World Wide Growth Management
Wren Commodity Management Ltd.
Wardley Investment Services Ltd.

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941.

Abbey Amer. Gth. Tst.	56.7	61.0xd	-0.5	2.38
Abbey Capital	42.5	45.9	-0.3	5.34
Abbey General	52.7	57.0	-0.2	5.30
Abbey Gilt & F.I. Tst.	104.1	109.6xd	-0.1	11.95
Abbey Income	31.6	34.2xd	-0.1	10.24
Abbey W'Wide Bd Tst.	91.8	97.1	-0.3	6.90
Abbey Inv. Tst. Fd.	47.9	51.8	-0.3	4.90
Equitas Prog. Tst.	75.1	81.1	-0.3	5.04

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.9	91.4	-0.1	13.13

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	83.5	89.3	-0.4	6.46
Brit. Inds. Fund	71.3	76.3	-0.3	7.00
Growth & Income	46.7	50.0xd	-0.2	5.40
Elect. & Ind. Dev.	41.4	44.3	-0.1	5.64
Allied Capital	89.7	96.0	-0.4	4.58
Hambro Fund	123.2	131.8xd	-0.3	6.56
Hambro Acc. Fund	169.9	181.8	-0.7	5.01
Income Funds				
High Yield Fd.	60.9	65.2	-0.1	9.59
High Income	73.8	79.0	-0.3	8.04
A. H. Eq. Inc.	41.8	44.7xd	-0.2	8.19
Govt. Secs	24.9	25.6	.....	12.23
International Funds				
International	34.3	36.7	-0.1	2.70
Pacific Fund	62.7	67.1xd	-0.4	1.82
Secs. Of America	69.3	74.2xd	+0.3	2.16
Specialist Funds				
Smaller Co.'s Fd	52.0	55.6xd	-0.2	4.68
2nd Smlr. Co's Fd.	62.9	67.3	-0.3	4.46
Recovery Sits.	127.0	135.9	-0.7	5.92
Met. Min. & C'dty.	65.7	70.3	+0.5	5.47
Overseas Earnings	63.3	67.7xd	-0.1	5.45
Exempt Funds				
Income Exempt	46.6	48.9xd	.....	8.60
Far East Exempt	68.5	71.7	-0.6	2.11
Smaller Co. Exempt	80.4	84.4	-0.3	4.74
U.S.A. Exempt	117.8	122.5	+0.8	2.65

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	61.7	66.4	.....	4.30

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	144.0	154.0	.....	12.06

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	32.9	36.0xd	-0.1	12.50
North American	59.0	63.8	+0.6	2.69
Canadian Exempt*	63.7	67.4	-0.8	3.47
Canadian Trust	64.4	69.6	-0.2	2.56
Mid Mount High Inc.*	46.2	48.9	-1.2	9.87
Recovery	53.9	58.8	-0.3	7.33
Gilt Trust	42.4	44.1	.....	13.03

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.5	41.5	+0.3	0.90
Cres. Internat'l.	73.8	79.6	+0.3	1.81
Cres. High. Dist.	39.3	42.6	-0.1	11.50
Cres. Reserves	47.3	51.0	-0.4	5.64
Cres. Tokyo	29.3	31.6	.....	0.99

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.5	.....	9.97

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Jan. 9	215.6	230.0	.....	5.76

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6xd	.....	9.03
Gt. Winchester O'seas	25.1	27.9xd	.....	4.01

Emson & Dudley Tst. Mngmt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	83.2	87.5	-0.2	4.96

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	32.1	34.7	+0.5	0.82
Ameri. Spec. Sits. (z)	23.5	25.8	+0.2	0.92
Gilt + Fixed Int.	24.5	25.8xd	.....	12.51
Growth + Income	29.2	31.4xd	+0.1	7.89
Maximum Inc. Eq. Tst.	24.0	25.9	-0.1	9.90
Special Sits.	37.7	40.6	-0.4	1.98

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	37.0	39.8	.....	2.21
Accum. Units	45.9	49.3	.....	2.21
J. Finlay High Income	33.5	36.0	.....	10.44
Finlay Wld. Energy	18.6	20.0	+0.1	1.50
Accum. Units	23.9	25.7	+0.1	1.50
J. Finlay Fd. In. Tst.	38.3	41.2	.....	5.46
Accum. Units	48.4	52.1	.....	5.46

Prices on Jan. 14. Next dealing Jan. 21.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	71.4	76.2	-0.2	0.87
Am. T'around	65.0	69.4	+0.8	2.76
Capital Tst.	56.6	60.4	-0.4	5.52
(Accum. Units)	59.0	63.0	-0.2	5.52
Extra Income Trust	46.4	49.6	.....	10.73

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or −	Int.	Red.
92½	82¼	Aust. 5½pc '81-82	92½	...	6.04	13.63
85¼	72½	Do. 6pc 1981-83	83¾		7.22	13.16
67¾	58	N.Z. 7¼pc 1988-92	63¾	−¼	11.42	13.63
82¾	72	Do. 7½pc '83-86	78	−¼	9.69	13.50
97	88	Sth. Africa 9½pc '79-81	97	...	9.97	15.76
160	95	S. Rhod. 2½pc Non-Ass.	117	...	—	—
49	31	Do. 3½pc 80-85 Ass'd	46	+1	7.93	24.00
32	20½	Do. 4½pc 87-92 Ass'd	28xd	+1	16.07	22.20
360	270	Zimbabwe Ann (£100pa)	360	+2	—	24.83

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980-81 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Y'ld Gr's
22⅞	12¾	Hollinger $5	16⅝	+⅛	$52.20	—	4.6
11⅛	815p	Hudson's Bay ‖	840pxd	−10	$1.20	—	5.0
14¼	765p	Hud.B.Oil G. $2½	800p	−5	57.5c	—	2.5
21⅞	11⅛	Imperial Oil‖	11⅝	+⅛	$1.40	—	4.2
14	770p	Inco‖	845p	−15	$US72c	—	3.5
565p	425p	Int. Nat. Gas $1	490p	−10	$1.00	—	7.2
495p	145p	Massey Ferg.‖	165p	...	—	—	—
200p	97p	Place Gas $1	115p	+5	—	—	—
14	10½	Rio Algom	12	+⅛	$1.50	—	4.2
21¾	14¼	Royal Bk.Can. $2	21	+⅛	$2.68	—	4.7
27½	15⅞	Seagram Co. C$1	25¼	+⅛	US$1.40	—	2.3
13⅞	890p	Tor. Dom. Bk. $1	11⅞xd	−⅛	$1.52	—	4.7
10½	750p	Trans Can. Pipe	810p	−10	$1.1c	—	5.0

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796

Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 25 South Frederick St., Dublin 2. Telex: 25414 Tel: Dublin 603378

Edinburgh: 37 George Street, EH2 2HN Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex: 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's Hse., Queen St., M2 5HT Telex: 666813 Tel: 061-834 9381

Mexico City: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625

Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01 Telex: 220044 Tel: 297 2000

Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358 Tel: 241 2920

Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381

Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300

Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01 Telex: 220044 Tel: 297 2000

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East

For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: *Financial Times in London (tel: 01-623 1211), Frankfurt, New York and Paris*

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

445	55	Colby Res. Corp.	306	-9	—	—
502	240	Cons. Murch. 10c	240	-10	Q30c	1.5
180	80	††Hemerdon 10c	85	.....	—	—
225	36	Highwood Res.	180	.....	—	—
585	325	Northgate C$1	350	-10	—	—
486	322	R.T.Z.	405	-7	16.0	3.2
£115	£98½	[illegible]	£98½	-1½	[illegible]	—
158	91	††SPO Minerals 10p	129	-2	—	—
58	26	Sabina Inds. C$1	42	+2	—	—
51	31	††SWCM 10p	32	-1	—	—
650	411	Tara Exptn. $1	525	-20	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	39	.....	**IRISH**		
Bertam	12	.....	Conv. 9% '80/82	£93⅝	-⅛
Bdg'wtr. Est. 50p	530	+10	Nat. 9¾% 84/89	£74⅝	-⅛
Craig & Rose £1	£11¼	.....	Fin 13% 97/02	£84⅝	-¼
Fife Forge	39	.....	Alliance Gas	45	.....
Finlay Pkg. 5p	20	.....	Arnott	220	.....
Graig Ship. £1	£19	.....	Carroll (P.J.)	20	.....
Higsons Brew.	67	.....	Concrete Prods.	60xd	+½
Holt (Jos) 25p	315	.....	Heiton (Hldgs.)	32	.....
I.O.M. Stm. £1	165	.....	Ins. Corp.	320	.....
Pearce (C. H.)	635	.....	Irish Ropes	35	.....
Peel Mills	60	.....	Jacob	34	.....
Sheff. Refrshmt	101	+1	T M G	22	.....
Sindall (Wm.)	135	.....	Unidare	82	.....

OPTIONS

3-month Call Rates

Industrials		I.C.I.	23	Utd. Drapery	6½
A. Brew	7	"Imps"	7½	Vickers	15
BOC Intl.	9	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	5		
Babcock	12	Ladbroke	24	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	19	Cap. Counties	12
Blue Circle	30	Lloyds Bank	25	Land Secs.	35
Boots	20	"Lots"	4	MEPC	20
Bowaters	22	London Brick	6	Peachey	17
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	9	"Mams"	13	Town & City	3
Burton	10	Mks. & Spncr.	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6½	N.E.I.	7	Brit. Petroleum	50
Debenhams	9	Nat. West. Bank	32	Burmah Oil	22
Distillers	17	P & O Dfd.	12	Charterhall	13
Dunlop	7½	Plessey	25	RCA	22
Eagle Star	28	Racal Elect.	35	Premier	14
F.N.F.C.	4	R.H.M.	5	Shell	45
Gen. Accident	32	Rank Org.	16	Tricentrol	40
Gen. Electric	50	Reed Intnl.	15	Ultramar	50
Glaxo	22	Sears	5		
Grand Met	14	Tesco	5½	**Mines**	
G.U.S. 'A'	48	Thorn	28	Charter Cons.	39
Guardian	32	Trust Houses	18	Cons. Gold	55
G.K.N.	16	Tube Invest.	21	Lonrho	10
Hawker Sidd.	20	Unilever	50	Rio T. Zinc	45
House of Fraser	15	U.D.T.	5		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday January 14 1981

HEATHROW MEN UNMOVED BY BRITISH AIRWAYS £100m. LOSS

Strike vote by airport ground staff

BY NICK GARNETT, LABOUR STAFF

MAINTENANCE engineers and other ground staff at British Airways, which will lose more than £100m before tax in this financial year, yesterday voted to stage a 24-hour strike at London's Heathrow Airport over pay on January 23.

The strike decision could seriously disrupt British Airways flights, as it may also be endorsed and applied at other UK airports. There is also the prospect of further stoppages if the airline does not increase its "final" offer.

The strike decision was taken yesterday as British Airways formally announced fare reductions of £19-£40 return on many European routes from March 29. These reductions, which are up to 40 per cent of existing fares and are expected to be applied on services to 27 destinations, are the result of negotiations between British Airways and 12 other European airlines.

The reductions, part of an extension of the airline's new European fares plan announced last year, will also involve the withdrawal of first-class seats on European routes

Earlier this week, the Government announced that it was allowing the airline's external finance limit—the maximum the airline can borrow in a year from external sources—to be raised by £85m for the current financial year.

The maintenance engineers' and ramp and ground staffs' strike decision, which also involves service vehicle drivers and baggage handlers, was taken despite a warning from management that the airline was facing its worst financial crisis ever.

British Airways' management *said 6,000 of the 18,000-20,000* staff entitled to be at the meeting yesterday actually took part in the vote. However, the unions claimed that there were up to 10,000 at the meeting, which voted overwhelmingly to reject the pay offer.

The rejected pay deal principally involves a three-month pay freeze followed by a rise of 8 per cent on basic rates from April.

The meeting also backed industrial action over redundancies. BA said this week that it wanted to cut its 54,000 workforce by 3,000-4,000 by 1982.

Mr. Stan Havill, secretary of the joint shop stewards committee for maintenance engineers at Heathrow, said last night that the workforce was determined to win a pay rise from January and to obtain an *increase in shift pay from July* in line with the rises in the retail price index and in accordance with existing agreements. Shift pay under the management's offer would only increase by 8 per cent from the date of the new agreement.

After the vote, the management made a confident statement saying that it could not accept that the majority of its staff would be willing to worsen the airline's critical financial position "at the behest of the minority who voted today."

It added: "We remain confident that the continuing talks with the trade unions will resolve the problem in that time."

Viscounts deal Page 8

Privilege debate over BSC chief

By Richard Evans and Alan Pike

MPs WILL decide today whether allegations that Mr. Ian MacGregor, chairman of the British Steel Corporation, threatened to cut off investment in a plant because of Parliamentary attacks on the corporation should be referred to the powerful *Commons Privileges Committee.*

The claim was made yesterday by Mr. Dale Campbell-Savours, Labour MP for Workington, in a letter to Mr. George Thomas, the Speaker.

Mr. Campbell-Savours has been campaigning to save the Distington foundry at Workington, which is scheduled to close under the corporate plan

The charge of breach of privilege — taken very seriously by Parliament — stems from a meeting between Mr. MacGregor and Mr. Campbell-Savours last December.

The Speaker said the allegation was that at the meeting the BSC chairman had told Mr. Campbell-Savours "that if he persisted in making criticisms and attacks on the corporation in Parliament, further investment in Workington would be ended."

There will be a debate today on a motion moved by Mr. Campbell-Savours that the matter should be sent to the Committee of Privileges. The outcome will depend on a free vote of MPs.

In a statement after the Speaker's decision, Mr. Campbell-Savours said that over the last four months and before the announcement by BSC of its corporate plan he had sought information on the corporation's operations in his constituency.

"Such information that I have been given has been of a verbal nature and clearly inadequate if I am to be able to present a reasoned case on behalf of my constituents to the House."

He added that in October he had sought local information and following the closure announcement of Distington foundry in the corporate plan, he had received information which he referred to in a Commons speech on December 16.

He had then met Mr. MacGregor on December 18 and his representations to the Speaker arose from that *meeting.*

Mr. Campbell - Savours accused BSC in the Commons last month of deliberately doctoring statistics about Distington to destroy the foundry.

Mr. MacGregor was away from London yesterday and the corporation would not comment on the allegations

THE LEX COLUMN

ICI dividend jitters

The equity market is going through another bout of adjustment to worsening expectations of corporate earnings and, even more to the point, of dividends. The FT 30-Share Index has shed 27.1 points since the beginning of 1981; its problems are highlighted by the performance of the ICI share price, which has fallen over the same period from 324p to 298p, going below £3 yesterday for *the first time since 1976.*

In the final two months of last year ICI shares had reached a stable trading level, underpinned by a 10 per cent yield on the assumption that the final dividend would be maintained. ICI made it clear in October, when announcing a third quarter loss, that it intended to hold the final unless trading conditions worsened further. As it is, the most that can be said is that things have not improved much. There is real concern, *though, that ICI might change* its mind and cut the dividend (which costs £136m net in a full year) to make a political point at a time of large redundancies.

So the historic yield is now pushing 11½ per cent; it is, after all, not just a question of this year's dividend, but of the income stream over the next few years. Yesterday additional gloom was provided by "major engineer in trouble" stories, however unsurprising those may be, and there are some shares for which the market was discounting a reduction in the dividend and is now looking for total omission.

Savings

Building societies were expecting an inflow of funds in December of about £350m; in the event net receipts exceeded this forecast by nearly £100m. The building societies have now moved firmly into the favourable period of their cycle—becoming extremely competitive as they follow interest rates down at a discreet interval. The figures underline the way that the Government's renewed efforts to

Index fell 7.7 to 447.4

tap the small savings market seem to have been stranded, with sales of the new granny bonds well short of expectations. National Savings may be only halfway to its target of raising £2bn this financial year.

Since the aim next year is to raise £3bn, the Treasury must be taking a hard look at its options. The National Savings investment account has maintained its 15 per cent gross yield for the last year now, and is certainly looking very attractive against the 13.2 per cent gross basic rate offered by the building societies. But there has been no pick-up in inflows so far. The increase in the maximum holding of the 19th issue of certificates could generate demand. But the appeal may be limited by individuals' unwillingness to tie up savings for five years at a time of uncertainty.

Over the past decade Governments have proved unwilling to pay the rate to attract small savings, while their marketing has failed to keep up with that of the building societies. Unless the present administration shows itself willing to tackle these shortcomings in the next few months, the gilts market will continue to take the strain.

SGB Group

SGB's pre-tax profit of £16.3m looks like evidence of counter-cyclical strength; an increase of 12 per cent is not the norm for *construction-related companies* in this recession, though growth slowed to 3 per cent in the second half.

Parts of SGB really are proof against the domestic gloom. Some of the overseas interests have done *particularly* well; profits in South Africa have quadrupled and prospects there, as in Saudi Arabia, still look good. In the UK, however, which generates about 80 per cent of profits, the picture has already become rather mixed, and a much tougher year is expected.

It is probably significant that the plant-hire division, CSG, has already suffered worse results. SGB's central business is still scaffolding; although it was responsible for much of last year's profit increase, there are signs that trade is beginning to slacken here as well. Still, the shares went ahead 8p yesterday to 138p, where the yield is 5.6 per cent and cover is a handsome 3.5 times on a current cost basis.

Renwick Group

Brokers A. J. Bekhor and their clients are certainly obeying the letter of the Takeover Code and the City's dawn raid rules in their activities at Renwick Group. Bekhor's client Kangra International, a shadowy Hong Kong company, has waited the regulation seven days before adding another 4.99 per cent to its 17.5 per cent stake in Renwick. Since just before Christmas, another 22.5 per cent stake bought through Bekhor has been jointly held by six separate clients of Uto Bank of Zurich.

This big buying has scuppered the agreed bid by AAH, and the Renwick board is naturally very concerned at the build up of secret holdings. The Takeover Panel has been assured that the six investors *sheltering* behind Uto are all independent, and moreover that the interests behind Kangra are separate again, so that there is no question of the existence of a concert party. By next Monday, *however,* Kangra will be in a position to buy another 5 per cent, at which point the combined Kangra and Uto holdings would total 50 per cent.

It is profoundly unsatisfactory that a business should not know *who controls it. If self-regulation* in the City means anything at all, Bekhor should demonstrate that they are putting strong pressure on their clients to come out into the open.

Seamen seek pledge on overtime

CONDITIONS FOR ending the seamen's pay dispute were last night outlined by Mr. Jim Slater, general secretary of the National Union of Seamen, for the first time since industrial action began. The action by 26,000 NUS members has caused wide disruption to British shipping at home and overseas this week.

Mr. Slater indicated that the employers' latest 12 per cent offer might be acceptable if it carried a guarantee that the increase would not be lost by reductions in overtime.

On the eve of today's union executive council meeting, which is expected to reject the offer on its present terms, Mr. Slater warned that industrial relations had "never reached a more dangerous point in the history of the union."

The General Council of British Shipping last night agreed to extend its deadline for acceptance of the new offer from midnight until meeting this morning.

After that, it says, if the 12 per cent offer is rejected, it will be withdrawn and the former 10.5 per cent offer rejected by a union ballot of seamen a month ago, re-tabled.

Shipowners' representatives yesterday disputed a claim by *Mr. Slater that the increase in* seamen's earnings last year fell far below the 24 per pay rise of the 1979 settlement because employers had "almost the day after the agreement was signed" instructed ships' masters to cut overtime.

The union feared the same thing could happen this time.

Cross-Channel ferries from Southampton, Portsmouth and Weymouth were due to stop for 24 hours from midnight last night as the seamen's action continued to hit British ships in both UK and foreign ports.

About 250 seamen in Felixstowe brought cross-Channel ferry services from the Suffolk port to a halt yesterday in the national campaign of lightning strikes

The union yesterday claimed "tremendous support" from its members, reporting 101 ships held up by action in 18 UK ports.

Crews on 81 ships overseas were claimed to have pledged support yesterday. Of the 81, nearly 40 were said to be either already hit by strikes or faced strikes as soon as they reached their destinations.

The Council said, however, that its members had reported only 33 ships held up in UK ports and seven overseas.

It pointed out, however, that its information on the number of vessels held up abroad was confined to stoppages begun.

Five UK banks exposed to loss of £70m if Massey collapses

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

FIVE British clearing bank groups could suffer substantial losses if rescue plans for Massey-Ferguson, the troubled Canadian agricultural machinery maker, fail. The net exposure of the five banks is in excess of £70m on lending and credit facilities to Massey-Ferguson in the UK totalling about £187m.

The balance of £115m is covered by export credit guarantees and some of this represents losses which could be suffered by the British Government.

The bank lending figures are given on an internal Massey-Ferguson schedule, which has emerged during talks with group bankers in London. These have been going on since last week, and Massey hopes they will result in agreement among some 200 banks to support a rescue package.

Categories

The schedule details all ending to UK companies in the Massey-Ferguson group, and analyses it in various categories. It was drawn up as of October 1, 1980. Massey-Ferguson confirmed its accuracy last night, and said the current position of the banks had changed little.

Altogether, 24 banks have loans and facilities totalling £259.9m with Massey in the UK. The schedule shows that £134.3m of this is booked through a separate finance company. It does not show to what extent each bank's facilities have been exhausted, but a number of bankers said last night that in most cases Massey was close to agreed borrowing limits.

Barclays has most at stake, with net exposure of almost £23m. It is followed by Midland, which together with its associate bank, MAIBL, has exposure of around £21m. The *Lloyds group is next with ex-*posure of £17m, while Williams and Glyn's has total lending of £7½m, none of which is covered by export credit guarantees. NatWest has exposure of £3m.

The list of British bank *lenders includes the Hambros* and Hill Samuel merchant banks, each with overdrafts, acceptances or advances totalling £5m to the finance company. The Standard Chartered group has £5m exposure, while Grindlays *Bank* also has a £3m loan to the finance company.

The rest of the list is made up of Canadian, U.S. and Continental banks. Of these only one bank is exposed for more than £7.2m. This is Canadian Imperial Bank of Commerce, Massey's biggest bank lender, which has lending and facilities of £13½m in respect of the UK companies.

MASSEY-FERGUSON
UK credit facilities at October 1, 1980 (£m)

	Total	Net potential exposure
Barclays	95.3	22.8
Lloyds	37.3	17.3
Midland, and MAIBL	43.9	21.4
Williams & Glyn's	7.5	7.5
NatWest	3.0	3.0
Canadian Imperial Bank of *Commerce*	13.5	13.5
Citibank	2.2	2.2
Toronto Dominion	3.0	3.0
Royal Bank of Canada	5.0	5.0
Mellon	1.5	1.5
Morgan Guaranty	1.0	1.0
Hambros	5.0	5.0
Hill Samuel	5.0	5.0
Société Générale	4.0	4.0
Credit Lyonnais	4.0	4.0
Continental Illinois	2.0	2.0
Allied Bank International	7.2	7.2
United California	0.9	0.9
Banque Nationale de Paris	5.0	5.0
Marine Midland	2.5	2.5
Swiss Bank Corp.	2.1	2.1
First National Bank, Boston	1.0	1.0
Grindlays	3.0	3.0
Standard & Chartered	5.0	5.0
TOTAL	259.9	144.9

Prison officers to resume work

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE ACTION by prison officers which has closed Britain's prisons to more than 4,500 new prisoners will be suspended from Saturday.

The executive of the Prison Officers' Association decided to suspend the action after Mr. William Whitelaw, Home Secretary, offered a deal on Monday which will be considered by the 20,000 members of the association.

Prisoners housed in police cells and special prisons guarded by troops will begin to be moved to jails at once, though this will take some time.

The offer, which proposes a new shift system, a shorter working week, including meal-times, of 42 hours and payment for mealbreaks, is the same as that rejected by the association's special delegate conference last month.

However, Mr. Whitelaw has dropped his insistence on an immediate acceptance of the offer, and accepted that the process of moving the prisoners would have to be carefully phased.

The association's executive no longer insists that its claim go to arbitration, and that meal-time payments should be backdated.

Details of the deal will be sent to members from today without any recommendation from the executive, whose members argued fiercely over it after meeting Mr. Whitelaw on Monday night.

However, the suspension of the industrial action, which stopped prisoners being admitted to jail, effectively means that the executive supports the offer.

Mr. Colin Steel, the association's chairman, said yesterday that problems remained over duty cover, especially at nights. Much remained to be discussed between the Prisons Department and the association.

Mr. Steel also alleged serious malpractices at Frankland special prison, in County Durham, which contained 600 prisoners and has been staffed by various army regiments over the past three months.

He said bottles of whisky were sold to prisoners for £15, tobacco was sold at £5 for two ounces and drugs were freely available. Toilet and other cell fittings had been smashed. The Home Office said last night it *had no evidence of trafficking* in drugs or drink at Frankland.

He also said the use of drugs in prisons, usually smuggled in by the families of prisoners, was now "astronomical," and had been growing for some years.

Prison officers must be trained to talk to prisoners, Mr. Steel said. It would be better to extend their job beyond simply locking prisoners up, rather than bringing in "so-called social workers."

Weather

UK TODAY

WINDY, RAIN. Sunny intervals and showers. Mild in S., cold in N.

London, S. England, E. Anglia, Midlands, S. Wales, Channel

Mild, cloudy, rain, clear intervals, showers later. Max. 7-10C (45-50F).

Aberdeen, C. Highlands, M. Firth, N.E. and N.W. Scotland, Orkney, Shetland

Sunny intervals and showers with snow accumulating and drifting. Max. 2-3C (36-37F).

Rest of England, Wales, Scotland and N. Ireland

Cold, cloudy, showers later, sunny intervals. Max. 4-6C (39-43F).

Outlook: *Showers followed by rain or snow.*

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	7	45	Luxmbg.	C	−1	30
Algiers	C	7	45	Luxor	S	21	70
Amsdm.	F	1	34	Madrid	F	4	39
Athens	F	13	55	Majorca	R	5	41
Barclna.	F	6	43	Malaga	S	11	52
Beirut	F	15	59	Malta	C	15	59
Belfast	R	1	34	Mchstr.	F	1	36
Belgrd.	C	5	41	Melbne.	S	38	100
Berlin	S	1	34	Mx. C.†	F	1	34
Biarritz	F	3	37	Miami†	—		
Bmghm.	F	1	34	Milan	Sn	0	32
Blackpl.	Sn	2	36	Montrl.†	—		
Borde.	C	3	37	Moscow	S	−10	14
Boulgn.	F	1	34	Munich	Sn	−1	30
Bristol	C	1	34	Nairobi	S	27	81
Brussels	F	1	34	Naples	R	11	52
Budpst.	R	−2	28	Nwcstl.	C	1	34
Cardiff	C	1	34	N. York†	F	−16	3
Casbca.	C	9	48	Nice	R	5	41
Cape T.	R	19	66	Nicosia	S	15	59
Chicg.†	F	−7	19	Oporto	F	10	50
Cologne	C	1	34	Oslo	S	−2	28
Cophgn.	S	−1	30	Paris	C	1	34
Corfu	R	12	54	Perth	F	23	73
Denver†	F	−4	25	Prague	Sn	−1	30
Dublin	Sl	2	36	Reykjvk.	C	−1	30
Dbrvnk.	R	8	46	Rhodes	C	14	57
Ednbgh.	Sn	1	34	Rio J'o†	—		
Faro	S	13	55	Rome	R	9	48
Florence	R	5	41	Salzbrg.	Sn	−3	27
Frankft.	F	1	34	S'cisco†	F	6	43
Funchal	F	5	41	Singapr.	C	28	82
Geneva	C	0	32	S'tiago†	—		
Gibrltr.	C	10	50	Stckhm.	S	−2	28
Glasgow	Sl	2	36	Strasbg.	C	1	34
G'rnsey	S	3	37	Sydney	F	23	73
Helsinki	Sn	−2	28	Tangier	C	11	52
H. Kong	S	19	66	Tel Aviv	C	15	59
Innsbrk.	Sn	−4	25	Tenerife	F	12	54
Invrnss.	Sn	1	34	Tokyo	F	6	43
I. o Man	Sl	3	37	Toronto†	C	−14	7
Istanbul	F	9	49	Tunis	C	8	46
Jersey	S	3	37	Valencia	F	9	48
Jo'burg	F	27	81	Venice	R	1	34
L. Plms.	C	17	63	Vienna	Sn	−3	27
Lisbon	S	11	52	Warsaw	C	−2	28
London	S	2	36	Zurich	Sn	−1	30
L. Ang.†	F	13	55				

C—Cloudy, F—Fair, R—Rain, S—Sunny, Sl—Sleet, Sn—Snow
† Noon GMT temperatures

Continued from Page 1

Savings

with the banks and the building societies at a time when competition within and between those two groups of institutions is already becoming more intense."

He conceded that the resulting more competitive system *of housing finance might mean* higher mortgage rates on average than would have been the case under the system which prevailed in the 1970s.

"But while greater competition for funds may put some *upward pressure* on interest rates, competition to lend may exert some countervailing downward pressure. In any case, higher interest rates should not necessarily be cause for alarm."

Mr. McMahon argued for *adaptation to these changes.* "If building societies move, whether collectively or individually, to a system which adjusts more promptly and fully to movements in market interest rates than in the past, *this should facilitate* a steadier flow of funds into housing finance," he said.

Continued from Page 1

UK bid for gas rejected

sion to Continental markets. It is thought that only Norsk Hydro, which has a 6.23 per cent interest in the field, abstained from the vote.

Other interests in the field include: Statoil, with a dominant 40 per cent stake; Elf Aquitaine, the consortium's operator; and Total.

The field, located in Norwegian block 25/4, about 150 miles north-west of Stavanger, has estimated recoverable reserves of 36bn cubic metres of gas and 2m cubic metres of very light oil (condensate).

Heimdal, a small field by North Sea standards, was discovered in 1972 and by the mid-1970s the licensees were considering a scheme for transporting the gas to the UK through the Frigg system.

The development project was postponed partly because of the transport charges demanded by Frigg pipeline owners and the price then offered by British Gas.

Since 1975 the corporation has held an option to buy *Heimdal gas, but an official said* it was recognised the agreement was a "loose one" and not binding. He confirmed a new offer had been made, but last night the corporation had not been informed of the Heimdal group's *decision.*

The Norwegian Government's proposals for a Statfjord-based gas-gathering network are expected to be submitted to parliament before Easter. As Heimdal was considered an integral part of this scheme, the Oil Ministry had asked the field's partners to make known their own plans by tomorrow.

The scheme favoured by Statoil includes a line carrying both wet and dry gases to the Norwegian mainland from Statfjord and a nearby discovery in block 34/10. At Karsto, north of Stavanger, the wet gas would be separated for use in new chemical plants.

The dry gas — methane — would then be *re-exported* via a new line also connecting Heimdal and the Sleipner Field to the Ekofisk complex. From Ekofisk the gas would be transported via an existing pipeline to Emden.

*In spite of the UK corpora-*tion's failure to obtain fresh supplies of Norwegian gas from either Statfjord or Heimdal, the Energy British Department is still hoping that some form of integrated UK-Norwegian gas gathering network can be devised.

But it was being emphasised in Whitehall last night that even without the Norwegian gas, there were sufficient reserves in the UK sector to *justify the early construction of* the £2bn British gas gathering network.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.